
ALASKA STUDENT LOAN CORPORATION

and

U.S. BANK NATIONAL ASSOCIATION

INDENTURE

Dated as of February 1, 2004

\$75,140,000

**Alaska Student Loan Corporation
Capital Project Revenue Bonds, 2004 Series A**

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Exhibit A	Custodian/Depository/Servicing Agreement
Exhibit B	Form of Bond
Exhibit C	Form of Requisition for Payment of Costs of Capital Projects

THIS INDENTURE, made and entered into as of February 1, 2004, by and between the ALASKA STUDENT LOAN CORPORATION, a public corporation and government instrumentally created and existing under the laws of the State of Alaska (herein called the "Corporation" or the "Issuer"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States, as Trustee (herein called the "Trustee").

WITNESSETH:

WHEREAS, the Corporation is authorized by the Act (as herein defined) to issue its bonds for the purpose of furthering its corporate purposes; and

WHEREAS, the Corporation has decided to issue its Capital Project Revenue Bonds, 2004 Series A, in the aggregate principal amount of \$75,140,000 (the "Bonds") for the purpose of financing governmental activities of the State of Alaska for which the issuance of debt does not create "private activity bonds" within the meaning of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the execution of this Indenture and the issuance of the Bonds will further the purposes of the Corporation; and

WHEREAS, the Corporation has determined to enter into this Indenture with the Trustee to secure the Bonds; and

WHEREAS, the Bonds shall be special, limited obligations of the Corporation, and the principal and redemption premium, if any, of and interest on the Bonds shall be payable solely from the Trust Estate (as defined herein); and

WHEREAS, the Bonds and Trustee's Certificate of Authentication to be endorsed on the Bonds are all to be in substantially the form set forth in Exhibit B hereto; and

WHEREAS, the execution and delivery of this Indenture have been authorized by Resolution 2004-01 of the Corporation, a certified copy of which has been delivered to the Trustee; and

WHEREAS, all things necessary to make the Bonds, when authenticated by the Trustee, the valid, binding and legal special, limited obligations of the Corporation according to the import thereof, and to constitute this Indenture a valid pledge and assignment of the Trust Estate to the payment of the principal or redemption price, if any, of and interest on the Bonds and all other amounts due in connection therewith have been done and performed, and the creation, execution and delivery of this

Indenture and the creation, execution and issuance of the Bonds subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS

GRANTING CLAUSES

That the Corporation, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the Bondholders, and for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to secure the payment of the principal or Redemption Price, if any, of and interest on the Bonds, all according to their tenor and effect and all other amounts due in connection therewith and the performance and observance by the Corporation of all the covenants expressed or implied herein and in the Bonds, does hereby grant, bargain, sell, convey, pledge and assign unto, and grant a first priority security interest in and to the Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the Corporation hereinafter set forth, the following (herein, the "Trust Estate"):

I.

The Pledged Loans, Pledged Receipts, and Pledged Loan Notes (all as the same are defined herein) including all extensions and renewals of the term thereof, if any, together with all right, title and interest of the Corporation therein, including, but without limiting the generality of the foregoing, the present and continuing right to claim, collect and receive any of the moneys, income, revenues, issues, profits and other amounts payable or receivable thereunder, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Corporation is or may become entitled to do under the Pledged Loan Notes; provided, however, that the foregoing pledge is subject to the Corporation's right to modify the terms of, or to take other actions which may affect, the Pledged Loans, Pledged Receipts, and Pledged Loan Notes pursuant to Section 706 herein.

II.

All Funds and Accounts and moneys and investments therein, including, but not limited to, undisbursed proceeds of the Bonds;

III.

All moneys and securities from time to time held by the Trustee under the terms of this Indenture and any and all other real or personal property of every name and

nature concurrently herewith or from time to time hereafter by delivery or by writing of any nature conveyed, mortgaged, pledged, assigned or transferred as and for additional security under this Indenture for the Bonds, to the extent so conveyed, mortgaged, pledged, assigned or transferred by the Corporation or by anyone in its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof; and

IV.

Any and all proceeds of the foregoing, subject, in all cases, to the terms and provisions of this Indenture governing the use and application of all such property and rights in property;

TO HAVE AND TO HOLD all and singular the Trust Estate, whether now owned or hereafter acquired, unto the Trustee and its respective successors and assigns in trust forever to its and their own proper use and behalf but;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all present and future owners of the Bonds without privilege, priority or distinction as to the lien or otherwise of any of the Bonds except as specifically set forth herein otherwise;

PROVIDED, HOWEVER, that if the Corporation, its successors or its assigns shall well and truly pay, or cause to be paid, the principal or Redemption Price, if any, of and interest on, the Bonds due or to become due thereon, and all other amounts due thereunder, at the times and in the manner mentioned in the Bonds according to their tenor and in accordance herewith, and shall cause the payments to be made on the Bonds as required under Article VII hereof, or shall provide, as permitted hereby, for the payment thereof, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon the final payment thereof this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE OF TRUST FURTHER WITNESSETH, and it is expressly declared, that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all of the property, rights and interests, including, without limitation, the loan payments and other amounts hereby assigned and pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the

Corporation has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective holders of the Bonds as follows:

ARTICLE I DEFINITIONS AND INTERPRETATIONS

Section 101 - Definitions. In this Indenture, unless the context otherwise requires, the following words and terms shall have the meanings set forth in this Section:

"Account" shall mean one of the special accounts created and established pursuant to Section 501 or Section 509 of this Indenture.

"Accountant" shall mean a certified public accountant or firm of independent certified public accountants selected by the Corporation and may be the accountant or firm of accountants that regularly audits the books of the Corporation.

"Act" shall mean Sections 14.42.100 through 14.42.990 of the Alaska Statutes, as amended.

"Aggregate Debt Service" shall mean, for any period of computation, the aggregate scheduled amount of interest and principal payable on the Bonds during the period of computation.

"Authorized Officer" shall mean (i) with respect to the Corporation, the Chairman or Executive Officer of the Corporation and, in the case of an act to be performed or a duty to be discharged, any member, officer or employee of the Corporation then authorized by the Chairman or Executive Officer or by action of the Board of Directors of the Corporation to perform such act or discharge such duty, and (ii) with respect to the Trustee, any Vice President or any other officer of the Trustee authorized by the Trustee to perform the required act or discharge the required duty.

"Authorized Denomination" shall mean \$5,000 or integral multiples thereof.

"Beneficial Owner" shall mean either the person in whose name a Bond is recorded as the beneficial owner of such Bond by the respective systems of DTC Participants or, if the Bond is not then registered in the name of Cede & Co. and held in the Book Entry System, the Bondholder of the Bond.

"Bond" shall mean one of the bonds, notes, or other evidences of indebtedness authenticated and delivered under this Indenture.

"Bond Counsel" shall mean any firm of attorneys selected by the Corporation and acceptable to the Trustee that is recognized nationally for its practice in the area of municipal finance and tax-exempt obligations.

"Bond Coverage" shall mean a condition which shall be deemed to exist as of any date on which the Corporation delivers to the Trustee a Certificate demonstrating Projected Net Cash Flow at least equal to 103% of Aggregate Debt Service at all times for the period commencing on the date of such certification and ending on the day after the final scheduled maturity date of the Bonds. The Certificate shall set forth the Corporation's certification of Aggregate Debt Service for such period and shall identify the factors used by the Corporation as its basis in determining Projected Net Cash Flow for such period, which shall include, at a minimum, the aggregate principal amount of Pledged Loans outstanding as of the date of calculation, the interest rates applicable to those Pledged Loans, the average lives of those Pledged Loans, the average default and delinquency experience of the Corporation with respect to those Pledged Loans, the date or dates on which the Corporation anticipates contributing additional Pledged Loans to the Pledged Loan Fund, the Corporation's reasonable expectations as to the principal amounts and average lives of such Pledged Loans to be contributed by the Corporation which the Corporation reasonably expects will apply to such Pledged Loans, and other factors which the Corporation, in its reasonable determination, considers appropriate. With respect to Pledged Receipts derived from investments other than Pledged Loans, the Corporation shall apply the Investment Assumptions in determining Projected Net Cash Flow for the period of computation.

"Bond Coverage Certificate" shall mean a Certificate delivered to the Trustee for the purpose of demonstrating Bond Coverage as required by the definition of such term.

"Bondholder" or "holder" or words of similar import, when used with reference to a Bond or Bonds, shall mean any person who shall be the registered owner of any Outstanding Bond or Bonds.

"Book Entry System" shall mean the system in which the Bonds (represented by one Bond certificate for each maturity of the Bonds) are delivered into the possession of DTC and are issued and fully registered as to principal and interest in the name of Cede & Co., and whereby beneficial interests in the Bonds are purchased by investors through DTC Participants, such interests shown and transfers thereof effected only through the records maintained by the respective DTC Participants from whom each such investor acquired such beneficial interest.

"Business Day" shall mean any day other than a Saturday or Sunday or any other day on which banks in New York, Alaska, or the state or states in which any

Trustee appointed hereunder performs its duties hereunder are authorized or required to be closed or are closed.

"Capital Projects" means the construction and maintenance of certain facilities of the State of Alaska for the payment of which the Trustee has received a requisition in accordance with Section 502.

"Capital Reserve Fund" shall mean the capital reserve fund created pursuant to Section 501 and described as such under the Act.

"Capital Reserve Requirement" shall mean Eligible Capital Reserve Assets in a principal amount equal to the least of the following amounts: (1) 10% of the stated principal amount of the Bonds; (2) 125% of average annual principal and interest payments required for the Bonds; or (3) maximum annual principal and interest payments required for the Bonds.

"Cede & Co." shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

"Certificate" shall mean a signed document either attesting to or acknowledging the circumstances, representations or other matters therein stated or set forth or setting forth matters to be determined by an Authorized Officer pursuant to this Indenture.

"Closing Date" shall mean March 11, 2004.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commission" shall mean the Alaska Commission on Postsecondary Education.

"Continuing Disclosure Agreement" shall mean the Continuing Disclosure Agreement between the Corporation and the Trustee dated as of March 11, 2004, as originally executed and as it may be amended from time to time in accordance with its terms.

"Corporation" shall mean the Alaska Student Loan Corporation, a public corporation and government instrumentality created and existing pursuant to the Act.

"Costs of Issuance" shall mean all items of expense directly or indirectly payable or reimbursable by or to the Corporation and related to the authorization, sale, or issuance of the Bonds, including, but not limited to, printing costs; costs of preparation and reproduction of documents; filing and recording fees; initial fees and charges of any Fiduciary and its counsel; legal fees and charges; underwriting compensation; fees and disbursements of consultants and professionals; costs of credit ratings and any credit

enhancement with respect to the Bonds; fees and charges of the Insurer relating to the Bonds; fees and charges for preparation, execution, transportation and safekeeping of the Bonds; and any other cost, charge or fee in connection with the original issuance of the Bonds.

"Counsel's Opinion" shall mean an opinion signed by an attorney or firm of attorneys of nationally recognized standing in the field of law relating to state and municipal financing (who may be counsel to the Corporation) selected by the Corporation and acceptable to the Trustee and the Insurer.

"Custodian/Depository/Servicing Agreement" shall mean that certain agreement with respect to custody of a portion of the Trust Estate by and among the Corporation, the Trustee, and the State through the Commission and through its Department of Revenue, dated as of March 1, 2004.

"Default Payment" shall mean all amounts (in any form) received by the Corporation, by the Trustee acting on behalf of the Bondholders, or by any agent of either of them as a result of the acceleration of the due date of any Pledged Loan because of an event of default with respect to such Pledged Loan.

"Defeasance Securities" shall mean those investments described in (a) or (b) of the definition of "Investment Securities."

"Depository" shall mean the State or any bank or trust company or national banking association selected by the Trustee or the Corporation as a depository of moneys or securities held under the provisions of this Indenture, and may include the Trustee, if such party agrees to hold such money or securities as an agent of the Trustee.

"DTC" shall mean The Depository Trust Company, a limited purpose trust company organized under the laws of the State of New York, and its successors and assigns.

"DTC Participants" shall mean trust companies, banks, brokers, dealers, clearing corporations, and certain other organizations that are participants of DTC.

"Education Loan Program" shall mean the Corporation's program of financing or purchasing education loans pursuant to the Act.

"Education Loan Trust Fund" shall mean the special revolving trust fund of the Corporation created and established by the Act.

"Eligible Capital Reserve Assets" shall mean (i) cash, (ii) Investment Securities, (iii) a non-cancelable surety bond approved by the Insurer and issued by an insurance company licensed to conduct an insurance business in any state of the United States (or by a service corporation acting on behalf of one or more such insurance companies) which insurance company or companies, as of the time of issuance of such surety bond, is rated in the highest rating category by any Rating Agency, but only if the Corporation files with the Trustee and the Insurer a Bond Coverage Certificate reflecting such surety bond, and (iv) an irrevocable letter of credit approved by the Insurer and issued by a financial institution which maintains an office, agency or branch in the United States and, as of the time of issuance of such letter of credit, is rated in one of the two highest long-term rating categories by one or more of the Rating Agencies, but only if the Corporation files with the Trustee and the Insurer a Bond Coverage Certificate reflecting such letter of credit.

"Event of Default" shall mean any of the events specified in clauses (1) through (5) of Section 1002.

"Excess Interest" shall mean, as of the date of computation, the smallest amount that, if treated as a payment for the Pledged Loans (i.e., taken into account in calculating yield) paid on that date, would reduce the yield on the Pledged Loans to a yield that is not higher than the yield on the Bonds plus the Permitted Spread. For purposes of this definition only, yield on the Bonds and yield on the Pledged Loans shall be calculated in accordance with §§1.148-4 and 1.148-5, respectively, of the Regulations or other applicable Code or Regulation sections.

"Excess Interest Calculation Date" shall mean June 30, 2013, and June 30 of each tenth year thereafter while any Bonds are Outstanding, and the day upon which the last Bond is retired.

"Fiduciary" shall mean the Trustee or any Paying Agent or any Co-Paying Agent or Co-Registrar for the Bonds.

"Fiscal Year" shall mean each twelve-month period beginning on a July 1.

"Fund" shall mean one of the special trust funds established pursuant to Section 501(A) or Section 510.

"Indenture" shall mean this Indenture as from time to time amended and supplemented in accordance with the terms hereof.

"Insurance Agreement" shall mean the Insurance and Reimbursement Agreement dated as of March 1, 2004, by and between the Corporation and the Insurer.

"Insurer" shall mean MBIA Insurance Corporation, a New York stock insurance company.

"Insurer Event of Default" shall mean a failure by the Insurer to make a payment when due under the terms of the Policy.

"Interest Payment Date" shall mean (i) each July 1 and January 1, commencing July 1, 2004, (ii) each Redemption Date, and (iii) any other date on which principal is payable on the Bonds in accordance with their terms or the terms of this Indenture.

"Investment Assumptions" shall mean on the date of any Bond Coverage Certificate, investment earnings assumptions as agreed upon between the Corporation and the Insurer or if actual investment earnings may be calculated for any period by reason of the existence of a rate assured by an Investment Security held by the Trustee and such investment earnings are higher than such assumed rate, then "Investment Assumptions" shall mean earnings at such higher assumed rate or on such Investment Security, as the case may be.

"Investment Securities" shall mean:

- (a) (i) direct general obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States; or (ii) FHA debentures, Freddie Mac senior debt obligations, Federal Home Loan Bank consolidated senior debt obligations, Federal Farm Credit Bank consolidated senior debt obligations, and Fannie Mae senior debt obligations, but excluding any of such securities whose terms do not provide for payment of a fixed dollar amount upon maturity or call for redemption;
- (b) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America:
 - United States Export-Import Bank (Eximbank)
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration (formerly known as Farmers Home Administration)
 - General Services Administration
 - U.S. Maritime Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA's)
 - Federal Housing Administration

- Federal Financing Bank;

- (c) U.S. Dollar denominated deposit accounts, federal funds, and bankers' acceptances with domestic commercial banks (including any affiliate of the Trustee) which have a rating on their short term certificates of deposit on the date of purchase of "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (for purposes of this definition, the rating of a holding company shall not be considered the rating of any bank held by such holding company);
- (d) commercial paper which is rated at the time of purchase "A-1+" by Standard & Poor's and "P-1" by Moody's;
- (e) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's and "Aaa" by Moody's, including money market funds from which the Trustee or its affiliate derives a fee for investment advisory or other services to the fund;
- (f) investment agreements, including guaranteed investment contracts, forward purchase agreements, repurchase agreements which exceed 30 days (for repurchase agreements of 30 days or less, see (h) below) and reserve fund put agreements, each acceptable to the Insurer;
- (g) general obligations of any state or municipality with a rating of "Aaa" by Moody's and "A" by Standard & Poor's;
- (h) repurchase agreements for 30 days or less provided that the following criteria are met:
 - (i) the agreement must be between the Corporation, the Trustee, or third party acting as agent for the Corporation or the Trustee and a dealer bank or securities firm, which may only include:
 - (A) primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's and Moody's, or
 - (B) Banks rated "A" or above by Standard & Poor's and Moody's;
 - (ii) the written contract must include the following:

(A) securities which are acceptable for transfer are Investment Securities described in (a) or (b) of this definition;

(B) the term of the agreement may be up to 30 days;

(C) the collateral must be delivered to the Corporation, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee before or simultaneously with payment;

(D) the securities must be valued weekly, marked-to-market at current market price plus accrued interest; the value of the collateral must be equal to 104% of the amount of cash transferred by the Corporation or the Trustee to the dealer bank or security firm under the agreement plus accrued interest; if the value of the securities held as collateral is, at any time, below 104% of the value of the cash transferred by the Corporation or the Trustee, then additional cash or acceptable securities (as described in (ii)(A) of this paragraph) must be transferred; if, however, the securities used as collateral are FNMA or FHLMC obligations, then the value of collateral must equal 105%; and

(iii) the Corporation or the Trustee must receive a legal opinion stating that the form of the agreement, which shall be attached to such opinion, meets guidelines under State law for legal investment of public funds; provided, however, that the opinion described in this clause (iii) is required to be delivered only on the date of issuance of the Bonds and on the date the Corporation or Trustee enters into a repurchase agreement that is in a form materially different from the form for which an opinion has previously been given pursuant to this clause (iii).

(i) any other investment, investment agreement or guaranteed investment contract approved by Moody's, Standard & Poor's, and the Insurer.

"Letter of Representations" shall mean the Blanket Letter of Representations dated July 26, 1995, from the Corporation to DTC, which shall be the binding obligation of the Corporation.

"Modified Bond Coverage" shall mean Bond Coverage as set forth in the definition of such term except with the replacement of "103%" with "100%."

"Modified Bond Coverage Certificate" shall mean a Certificate delivered to the Trustee for the purpose of demonstrating Modified Bond Coverage.

"Moody's" shall mean Moody's Investors Service Inc.

"Net Cash Flow" shall mean, for any period of computation, (i) the aggregate amount of Pledged Receipts which the Corporation reasonably projects that it will receive during such period of computation, less (ii) amounts payable or projected to be payable to the United States pursuant to Section 712 and Section 714 hereof and the aggregate amount of Program Expenses payable during the same period.

"Outstanding" shall mean, as of any date, all Bonds theretofore or thereupon being authenticated and delivered under this Indenture except:

- (1) Any Bonds canceled by the Corporation or the Trustee at or prior to such date;
- (2) Bonds (or portions of Bonds) for the payment or redemption of which there shall be held in trust hereunder and set aside moneys or Investment Securities which represent or are secured by the full faith and credit of the United States of America, which are not subject to redemption prior to the dates on which amounts will be needed to make payments and the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited at the same time, will be sufficient to pay the principal or Redemption Price thereof, as the case may be, with interest to the date of maturity or Redemption Date on such Bonds (or portions of Bonds) and; if such Bonds are to be redeemed, for which notice of such redemption shall have been given as provided in Article VI or provisions satisfactory to the Trustee shall have been made for the giving of such notice;
- (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered pursuant to this Indenture; and
- (4) Bonds deemed to have been paid as provided in subsection (B) of Section 1201.

"Paying Agent" shall mean any bank or trust company, which may include the Trustee, designated by the Corporation as paying agent or co-paying agent for the Bonds and its or their successor or successors hereafter appointed in the manner herein provided.

"Payment Date" shall mean any Interest Payment Date, any Principal Installment Date, and any other date on which a payment of principal of or interest on the Bonds is due hereunder.

"Permitted Spread" shall mean the maximum spread between the yield on the Bonds and the yield on the Pledged Loans permitted under the Code and the Regulations without adversely affecting the tax-exempt status of the Bonds.

"Pledged Loan" shall mean any loan held in or credited to the Pledged Loan Fund under this Indenture.

"Pledged Loan Fund" shall mean the Pledged Loan Fund established within the State Capital Projects Account pursuant to Section 501.

"Pledged Loan Note" shall mean the promissory note or other documentation evidencing a Pledged Loan.

"Pledged Receipts" shall mean (i) all amounts, including principal and interest payments, paid or payable or otherwise received under or pursuant to or with respect to any Pledged Loan (monthly or otherwise) including, without limitation, both timely and delinquent payments with late charges, fees and charges, and all other revenues and income paid to the Trustee, the Corporation, or any agent of either on account of or in connection with any Pledged Loan, (ii) all Recoveries of Principal, and (iii) all interest paid or payable or any gain realized upon the investment or deposit of amounts in any Fund or Account, but shall not include any amount retained by any Servicer of any Pledged Loan (other than the Corporation, the Commission, or any related entity) as compensation for services rendered.

"Policy" means the financial guaranty insurance policy issued by the Insurer, guaranteeing the scheduled payment of the principal of and interest on the Bonds when due.

"Prepayment" shall mean any amount received or recovered as a prepayment of the principal amount of any Pledged Loan, including any prepayment penalty, fee, premium or other such additional charge, less the amount retained by any Servicer of such Pledged Loan (other than the Corporation, the Commission, or any related entity) as additional compensation resulting from such prepayment.

"Principal Installment Date" shall mean any date upon which principal is payable on any Bond in accordance with its terms and the terms of this Indenture, whether as a result of the maturity of such Bond, the application of any Sinking Fund Installment or other redemption with respect to such Bond, the acceleration of such Bond, or otherwise.

"Prior Indenture" shall mean that indenture entered into between the Corporation and Zions First National Bank, dated as of June 1, 2002, and all supplemental and amending indentures thereto.

"Prior Trustee" shall mean the trustee under the Prior Indenture.

"Program Expenses" shall mean all the Corporation's expenses in carrying out and administering its Education Loan Program, insofar as they are fairly allocable to the Pledged Loans, and in servicing the Pledged Loans; "Program Expenses" shall include, without limiting the generality of the foregoing, expenses incurred in the collection of Pledged Loans; salaries, supplies, utilities, mailing, labor, materials, office rent, maintenance, furnishings, equipment, machinery and apparatus; insurance premiums; legal, accounting, management, consulting and banking services and expenses; the fees and expenses of the Trustee and its agents and counsel; the fees and expenses of Depositaries and Paying Agents; Costs of Issuance not paid from proceeds of the Bonds; and payments for pension, retirement, health and hospitalization, and life and disability insurance benefits, all to the extent properly allocable to the Education Loan Program insofar as they are fairly allocable to the Pledged Loans.

"Projected Net Cash Flow" shall mean, for any period of computation, Net Cash Flow projected to be received during such period of computation.

"Rating Agency" shall mean any securities rating agency but only if and during the times that such agency shall have assigned, at the request of the Corporation, and have in effect a rating for any of the Outstanding Bonds.

"Record Date" shall mean the 15th day of the month preceding any Interest Payment Date.

"Recoveries of Principal" shall mean all amounts received by the Corporation as a recovery of the principal amount of any Pledged Loan, including any Default Payment, Prepayment or Sale Payment.

"Redemption Account" shall mean the Redemption Account of the Revenue Fund established pursuant to Section 501.

"Redemption Date" shall mean the date on which any Bonds are subject to redemption.

"Redemption Price" shall mean, with respect to any Bond, the principal amount thereof plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond or this Indenture.

"Registrar" shall mean the person or entity responsible for maintaining the registration books of the Corporation with respect to the Bonds.

"Regulations" shall mean temporary and permanent regulations promulgated under the Code.

"Revenue Fund" shall mean the Revenue Fund established pursuant to Section 501.

"Sale Payment" shall mean any amount received by the Corporation from the sale, assignment, endorsement or other disposition of any Pledged Loan, except Prepayments or Default Payments; provided that withdrawal of a Pledged Loan pursuant to Section 507(B) shall not be considered a disposition leading to a Sale Payment.

"Servicer" shall mean the Corporation, the Commission, or any other institution selected by the Corporation.

"Servicing Agreement" shall mean a contractual agreement of the Corporation with a Servicer other than the Corporation for the servicing of Pledged Loans by the Servicer.

"Sinking Fund Installment" shall mean each amount set forth as such in Section 601.

"S&P" or "Standard & Poor's" shall mean Standard & Poor's Ratings Group.

"State" shall mean the State of Alaska.

"Supplemental Indenture" shall mean an indenture supplemental to or amendatory of this Indenture, executed by the Corporation and effective as provided in Article VIII.

"Surplus Revenues" shall mean amounts held at any time in the Revenue Fund and described in Paragraph Sixth of Section 503(C) hereof.

"Trustee" shall mean the trustee appointed pursuant to Article XI and any successor or successors to it or any other person at any time substituted in its place pursuant to this Indenture.

"Trust Estate" shall have the meaning provided in the Granting Clauses of this Indenture.

"Trust Office of the Trustee" means the office of the Trustee designated as such for purposes of this Indenture. With respect to the initial Trustee, the Trust Office (until

a different Trust Office is designated in writing to the Corporation by the Trustee) is the Trustee's office set forth in Section 1101 hereof.

"Yield Reduction Payment" shall mean the minimum amounts payable to the United States Treasury as described in Treas. Reg. §1.148-5(c).

Section 102 - Interpretations. (A) In this Indenture, unless the context otherwise requires:

(1) Articles and Sections referred to by number shall mean the corresponding Articles and Sections of this Indenture;

(2) The terms "hereby", "hereof", "hereto", "herein", "hereunder" and any similar terms, as used in this Indenture, refer to this Indenture, and the term "hereafter" shall mean after, and the term "heretofore" shall mean before, the date of its execution;

(3) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(4) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(5) Words importing the redemption or redeeming of a Bond or the calling of a Bond for redemption do not include or connote the payment of such Bond at its stated maturity or the purchase of such Bond;

(6) Any headings preceding the texts of the several Articles and Sections of this Indenture, and table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Indenture, nor shall they affect its meaning, construction or effect;

(7) This Indenture shall be governed by and construed in accordance with the applicable laws of the State;

(8) Any requirement for amounts to be deposited in any Fund or Account shall be considered satisfied upon the crediting of such amounts to such Fund or Account; and

(9) Any requirement herein for the payment of any money or the taking of any other action on a particular date may, unless otherwise specifically required, be taken on the Business Day following such date if such date is not a Business Day and such requirement shall thereupon be satisfied with the same effect as if the payment was made or the action taken on the date required.

(B) Nothing in this Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person, other than the Corporation, the Fiduciaries, and the holders of the Bonds any right, remedy or claim under or by reason of this Indenture or any covenant, conditions or stipulation thereof. All the covenants, stipulations, promises and agreements in this Indenture contained by and on behalf of the Corporation shall be for the sole and exclusive benefit of the Corporation, the Fiduciaries, the Insurer and the holders of the Bonds.

Section 103 - Severability of Invalid Provisions. If any one or more of the covenants or agreements provided in this Indenture on the part of the Corporation or any Fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements, shall be deemed separable from the remaining covenants and agreements hereof, and shall in no way affect the validity of the other provisions of this Indenture or of the Bonds.

ARTICLE II AUTHORIZATION, OBLIGATION AND ISSUANCE OF BONDS

Section 201 - Authorization for Indenture. This Indenture is authorized and executed by virtue of and pursuant to the provisions of the Act. The Corporation has ascertained and hereby determines and declares that execution of this Indenture is necessary to carry out the powers and duties expressly provided by the Act, that each and every act, matter, thing or course of conduct as to which provision is made herein is necessary or convenient in order to carry out and effectuate the purposes of the Corporation in accordance with the Act and to carry out powers expressly given in the Act and that each and every covenant or agreement herein contained and made is necessary, useful or convenient in order to better secure the Bonds and are contracts or agreements necessary, useful and convenient to carry out and effectuate the corporate purposes of the Corporation under the Act.

Section 202 - Indenture to Constitute Contract. In consideration of the purchase and acceptance of the Bonds by those who shall hold the same from time to time, the provisions of this Indenture shall be a part of the contract of the Corporation with the holders of Bonds and shall be deemed to be and shall constitute a contract between the Corporation, the Trustee and the holders from time to time of the Bonds. The pledge hereof and the provisions, covenants and agreements herein set forth to be

performed by or on behalf of the Corporation shall be for the benefit, protection and security of the holders of any and all of such Bonds. Each Bond, regardless of the time or times of its issue or maturity, shall be of equal rank without preference, priority or distinction over any other Bond.

Section 203 - Obligation of Bonds. This Indenture creates an issue of bonds of the Corporation and creates a continuing pledge and lien to secure the full and final payment of the principal or Redemption Price of and interest on such bonds, and any Sinking Fund Installments for the retirement thereof. The Bonds shall be special, limited obligations of the Corporation, and the principal or Redemption Price, if any, thereof and the interest thereon shall be payable solely from the Trust Estate. The Bonds shall contain on their face a statement that neither the faith and credit nor the taxing power of the State or of any political subdivision of the State is pledged to the payment of the principal thereof or the interest thereon.

Section 204 - Authorization, Principal Amount, and Designation of Bonds. Bonds of the Corporation are hereby authorized to be issued in the aggregate principal amount of \$75,140,000. The Bonds shall be designated "Capital Project Revenue Bonds, 2004 Series A." The Corporation is of the opinion and hereby determines that the issuance of the Bonds in said amount is necessary to carry out a corporate purpose of the Corporation.

Section 205 - Purpose. The Corporation has determined to issue the Bonds to provide funds to the State for the purpose of paying costs of the Capital Projects.

Section 206 - Date, Maturities, and Interest Rates. The Bonds shall be dated as of the Closing Date, shall mature on July 1 and January 1 of each year and in the principal amounts expressed for such year set forth in the following table, and shall bear interest for each maturity of the Bonds at the rate per annum expressed in the following table with respect to such maturity:

Maturity Date	Principal Amount	Interest Rate
July 1, 2004	\$3,135,000	2.00%
January 1, 2005	2,830,000	2.00
July 1, 2005	2,865,000	2.00
January 1, 2006	2,905,000	2.00
July 1, 2006	2,945,000	2.00
January 1, 2007	2,980,000	2.00
July 1, 2007	3,020,000	2.00
January 1, 2008	3,060,000	2.00
July 1, 2008	3,100,000	2.00
January 1, 2009	3,145,000	4.00
July 1, 2009	3,215,000	4.00
January 1, 2010	3,295,000	4.00
July 1, 2010	3,370,000	4.00

Maturity Date	Principal Amount	Interest Rate
January 1, 2011	3,450,000	4.00
July 1, 2011	3,530,000	4.00
January 1, 2012	3,615,000	4.00
July 1, 2012	3,700,000	4.00
January 1, 2013	3,790,000	4.00
July 1, 2013	3,370,000	4.00
January 1, 2014	2,195,000	4.00
July 1, 2014	1,270,000	4.00
January 1, 2015	1,240,000	4.00
July 1, 2015	1,270,000	4.00
January 1, 2016	1,300,000	4.00
July 1, 2016	1,315,000	4.00
July 1, 2018	5,230,000	4.00

Section 207 - Form of Bonds, Denominations. The Bonds shall be issued in the form of fully registered bonds without coupons, in substantially the form set forth in Exhibit B, in Authorized Denominations and shall be numbered separately from 1 upward preceded by the letter R prefixed to the number.

Section 208 - Method of Payment. (A) While the Bonds are held in the Book Entry System, payment of principal thereof and interest thereon shall be made by wire transfer of same day funds or in such other manner as permitted by the Letter of Representations to the account of Cede & Co. on the Payment Date at the address indicated for Cede & Co. in the bond register kept by the Trustee.

(B) While the Bonds are not held in the Book Entry System, principal of and interest on the Bonds shall be paid by mailing a check on the Payment Date on which such principal or interest is due, payable to or upon the written order of the Bondholders, as of each Record Date, at their addresses as they appear on the bond register; provided, however, that (i) any such Bondholder may request such payment in person at the principal corporate trust office of the Trustee on any Payment Date if such Bondholder notifies the Trustee in writing not later than 30 days before such Payment Date of such Bondholder's election so to receive such payment; and (ii) a registered owner of \$1,000,000 or more in principal amount of the Bonds shall be paid interest by wire transfer to an account in the United States if such Bondholder makes a written request to the Trustee specifying the account address and if the Trustee receives such written request at least 30 days before the Interest Payment Date on which such wire transfer payments are to begin.

(C) All payments under (A) or (B) of this Section shall be accompanied by CUSIP number identification (with appropriate dollar amount of payment pertaining to each CUSIP number in case there is more than one CUSIP number in connection with a payment) for the Bonds to which the payment pertains. Payment of principal of the Bonds under (A) or (B) of this Section shall be made when due upon presentation and

surrender of the Bonds to which such payment pertains at the principal corporate trust office of the Trustee in St. Paul, Minnesota, or at such other location as directed by the Trustee.

Section 209 - Book Entry 2004 Bonds. (A) So long as the Bonds are held in the Book Entry System the holder of all of the Bonds shall be DTC, and the Bonds shall be registered in the name of Cede & Co., as nominee for DTC. The Letter of Representations is incorporated herein by reference.

(B) The Bonds shall be initially issued in the form of a single fully registered certificate in the amount of each separate stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Corporation kept by the Trustee in the name of Cede & Co., as nominee of DTC. The Trustee and the Corporation may treat DTC (or its nominee) as the sole and exclusive holder of the Bonds registered in its name for the purposes of payment of the principal or redemption price of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under the this Indenture, registering the transfer of Bonds, and obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Trustee nor the Corporation shall be affected by any notice to the contrary. Neither the Trustee nor the Corporation shall have any responsibility or obligation to any DTC Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any DTC Participant, or any other person not shown on the registration books kept by the Trustee as being a Bondholder, with respect to the accuracy of any records maintained by DTC or any DTC Participant; the payment by DTC or any DTC Participant of any amount in respect of the principal or Redemption Price of or interest on the Bonds; any notice permitted or required to be given to Bondholders under the this Indenture; the selection by DTC or any DTC Participant of any person to receive payment in the event of a partial redemption of the Bonds; or any consent given or other action taken by DTC as Bondholder. The Trustee shall pay from moneys available hereunder all principal of and premium, if any, and interest on the Bonds only to or "upon the order of" DTC (as that term is used in the Uniform Commercial Code as adopted in the State), and all such payments shall be valid and effective to fully satisfy and discharge the Corporation's obligations with respect to the principal of and premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. So long as the Bonds are held in the Book Entry System, no person other than DTC shall receive an authenticated Bond certificate. Upon delivery by DTC to the Trustee of DTC's written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Indenture with respect to transfers of Bonds, the term "Cede & Co." in this Indenture shall refer to such new nominee of DTC.

Section 210 - Delivery of Bond Certificates. At any time, the Corporation may notify DTC and the Trustee, whereupon DTC will notify the DTC Participants, of the availability through DTC of Bond certificates. In such event, the Trustee shall issue, transfer, and exchange, at the Corporation's expense, fully registered Bond certificates as requested in writing by DTC in appropriate amounts. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Corporation and the Trustee and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if no successor securities depository is appointed by the Corporation), the Corporation and the Trustee shall be obligated to deliver Bond certificates as described in this Indenture, provided that the expenses in connection therewith shall be paid by the Corporation. In the event Bond certificates are issued, the provisions of this Indenture shall apply to, among other things, the transfer and exchange of such certificates and the method of payment of principal of and premium, if any, and interest on such certificates. Whenever DTC requests the Corporation to do so, the Corporation will cooperate with DTC in taking appropriate action after written notice (a) to make available one or more separate certificates evidencing the Bonds to any DTC Participant having Bonds credited to its DTC account or (b) to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

Section 211 - Execution. The Bonds shall be executed by the manual or facsimile signature of the Chair, Executive Officer, or Finance Officer of the Corporation, with such signature attested by the manual or facsimile signature of an Authorized Officer, and the seal of the Corporation (or a facsimile thereof) shall be affixed, engraved, imprinted, or otherwise reproduced thereon.

Section 212 - Authentication and Delivery. After their execution as hereinabove provided, the Trustee shall authenticate the Bonds and deliver them to or upon the order of the Corporation. The Bonds shall bear thereon a certificate of authentication, in the form set forth in Exhibit B hereto, executed manually by the Trustee or by an agent of the Trustee approved by the Corporation. No Bond shall be entitled to any right or benefit under this Indenture or shall be valid or obligatory for any purpose until such certificate of authentication shall have been duly executed by the Trustee. Such certificate of the Trustee upon any Bond executed on behalf of the Corporation shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered under this Indenture and that the holder thereof is entitled to the benefits hereof.

Section 213 - Conditions Precedent to Delivery of Bonds. All (but not less than all) the Bonds shall be executed by the Corporation for issuance and delivered to the Trustee and thereupon shall be authenticated by the Trustee and delivered to the Corporation or upon its order, but only upon receipt by the Trustee of:

(1) A Counsel's Opinion addressed to the Corporation, the Trustee, and the Insurer to the effect that (i) the Corporation has the right and power to execute and deliver this Indenture under the Act as amended to the date of such Opinion; (ii) this Indenture has been duly and lawfully executed and delivered by the Corporation, is in full force and effect and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect); (iii) this Indenture creates the valid pledge and assignment which it purports to create of the Trust Estate, subject to the application thereof to the purposes and on the conditions permitted by this Indenture; (iv) the Bonds are valid and binding special, limited obligations of the Corporation, enforceable in accordance with their terms and the terms of this Indenture; and (v) the Bonds have been duly and validly authorized and issued in accordance with the constitution and statutes of the State, including the Act as amended to the date of such Opinion, and in accordance with this Indenture;

(2) A written order as to the delivery of such Bonds, signed by an Authorized Officer; and

(3) The amount of the proceeds of sale of the Bonds, together with any other amounts, to be deposited in any Fund or Account held by the Trustee pursuant to Section 401.

ARTICLE III GENERAL TERMS AND PROVISIONS OF BONDS

Section 301 - Principal and Interest Payment Dates. Interest is payable on the Bonds on each Interest Payment Date. Principal is payable on each Bond (i) in whole on its maturity date or on any date on which the principal due on such Bond is accelerated pursuant to Article X, and (ii) on any other date set forth herein for the redemption of such Bond in the amount of such redemption.

Section 302 - Legend. The Bonds contain or have endorsed thereon a statement to the effect that the State shall not be liable thereon and that the Bonds shall not be a debt of the State.

Section 303 - Medium of Payment. Payment of interest on and principal (and premium, if any) of each Bond of any Series shall be made in lawful money of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 304 - Negotiability, Transfer and Registry. (A) Each Bond shall be transferable only upon the books of the Corporation, which shall be kept for the purpose by the Trustee, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond, the Corporation shall issue in the name of the transferee a new Bond or Bonds of the same aggregate principal amount, maturity, and interest rate as the surrendered Bond.

(B) The Corporation and each Fiduciary may deem and treat the person in whose name any Bond shall be registered upon the books of the Corporation as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and Redemption Price, if any, of and interest on such Bond and for all other purposes, and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Corporation nor any Fiduciary shall be affected by any notice to the contrary.

Section 305 - Regulations With Respect to Exchanges and Transfers. In all cases in which the privilege of exchanging Bonds or transferring Bonds is exercised, the Corporation shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions of this Indenture. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, whether temporary or definitive, the Corporation or the Trustee may, as a condition precedent to the privilege of making such exchange or transfer, make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer. Neither the Corporation nor the Trustee shall be required (i) to transfer or exchange Bonds during the 15 days next preceding an Interest Payment Date or next preceding any selection of Bonds to be redeemed or (ii) to transfer or exchange any Bonds previously called for redemption.

Section 306 - Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Corporation shall execute, and thereupon the Trustee shall authenticate and deliver a new Bond of like maturity and principal amount as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to the Corporation and the Trustee that such Bond has been destroyed, stolen or lost and proof of ownership thereof, and upon furnishing the Corporation and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Corporation and the Trustee

may prescribe and paying such expenses as the Corporation and Trustee may incur. All Bonds so surrendered to the Trustee shall be cancelled by it. Any such new Bonds issued pursuant to this Section in substitution for Bonds alleged to be destroyed, stolen or lost shall constitute original additional contractual obligations on the part of the Corporation, regardless of whether the Bonds so alleged to be destroyed, stolen or lost be at any time enforceable by anyone, and shall be equally secured by and entitled to equal and proportionate benefits with all other Bonds issued under this Indenture, in any moneys or securities held by the Corporation or the Fiduciaries for the benefit of the Bondholders. If a bondholder satisfies the conditions set forth in this section for the replacement of a mutilated Bond or a Bond alleged to be destroyed, stolen, or lost and such Bond has matured or all principal thereof and interest thereon shall become due for any other reason, then the Trustee may pay such principal of and interest on such Bond without issuing a replacement Bond.

Section 307 - Preparation of Definitive Bonds, Temporary Bonds. (A) Until definitive Bonds are prepared, the Corporation may execute, in the same manner as is provided in Section 211, and, upon the request of the Corporation, the Trustee shall authenticate and deliver, in lieu of definitive Bonds, but subject to the same provisions, limitations and conditions as the definitive Bonds except as to the denominations thereof and as to interchangeability thereof, one or more temporary Bonds substantially of the tenor of the definitive Bonds in lieu of which such temporary Bond or Bonds are issued, in such denominations as may be authorized by the Corporation, and with such omissions, insertions and variations as may be appropriate to temporary Bonds. The Corporation at its own expense shall prepare and execute and, upon the surrender therefor of such temporary Bonds, the Trustee shall authenticate and, without charge to the holder thereof, deliver in exchange therefor, definitive Bonds of the same aggregate principal amount and maturity as the temporary Bonds surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefits and security as definitive Bonds authenticated and issued pursuant to this Indenture.

(B) If the Corporation shall authorize the issuance of temporary Bonds in more than one denomination, the holder of any temporary Bond or Bonds may, at his or her option, surrender the same to the Trustee in exchange for another temporary Bond or Bonds of like aggregate principal amount and maturity of any other authorized denomination or denominations, and thereupon the Corporation shall execute and the Trustee shall authenticate and, in exchange for the temporary Bonds or Bonds so surrendered and upon payment of the taxes, fees and charges provided for in Section 305, shall deliver a temporary Bond or Bonds of like aggregate principal amount and maturity in such other authorized denomination or denominations as shall be requested by such holder.

(C) All temporary Bonds surrendered in exchange either for another temporary Bond or Bonds or for a definitive Bond or Bonds shall be forthwith cancelled by the Trustee.

Section 308 - Cancellation and Destruction of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Trustee when such payment or redemption is made, and such Bonds, together with all Bonds purchased by the Trustee, shall thereupon be promptly cancelled. Bonds so cancelled may, at any time, be cremated or otherwise destroyed by the Trustee, who shall execute a Certificate of cremation or destruction in duplicate by the signature of one of its authorized officers describing the Bonds so cremated or otherwise destroyed, and one executed Certificate shall be filed with the Corporation and the other executed Certificate shall be retained by the Trustee.

ARTICLE IV APPLICATION OF BOND PROCEEDS, PLEDGED RECEIPTS AND OTHER AMOUNTS

Section 401 - Deposits of Bond Proceeds and Other Amounts. (A) On the Closing Date the Trustee shall deposit proceeds of the Bonds in the following amounts to the following funds: \$75,540,346.84 into the Capital Projects Fund and \$1,760,000.00 into the Capital Reserve Fund.

(B) On the Closing Date, the Corporation shall release or cause to be released from the Prior Indenture loans having an aggregate principal balance outstanding at least equal to \$73,438,529.37 and shall transfer those loans or cause them to be transferred to the Trustee. The Trustee shall deposit said loans in the Pledged Loans Fund immediately upon receipt thereof. On the Closing Date, the Corporation shall also transfer to the Trustee \$10,000,000.00 and the Trustee shall deposit \$5,754,000 of such cash in the Capital Reserve Fund immediately upon receipt thereof and shall deposit \$4,246,000.00 of such cash in the Revenue Fund immediately upon receipt thereof.

Section 402 - Application of Pledged Receipts and Other Amounts. (A) Pledged Receipts shall, promptly upon their receipt, be deposited with a Depositary (who shall hold the same in a custodial account as agent for the Trustee subject to the provisions of Section 511) and transmitted to the Trustee at least monthly; such Pledged Receipts, together with all Pledged Receipts collected by the Trustee, shall be credited to the Revenue Fund. Upon receipt by the Trustee or any Depositary of any Pledged Receipts, such Pledged Receipts shall be deemed to be credited to the Revenue Fund.

(B) The Corporation may make a deposit of money or any other assets to any Fund or Account, and the Trustee shall accept such deposit for such Fund or Account.

When such deposit is made, such money or other assets shall be held for the purpose or purposes of such Fund or Account and otherwise subject to all of the terms and conditions of this Indenture.

ARTICLE V FUNDS AND ACCOUNTS

Section 501 - Establishment of Funds and Accounts. (A) The Corporation hereby establishes and creates the State Capital Projects Account as a special account within the Education Loan Trust Fund to be held by the Trustee in trust hereunder. Within the State Capital Projects Account, the Corporation also hereby establishes and creates the following special trust funds and within such funds the following accounts (all to be held by the Trustee in trust hereunder):

- (1) Capital Projects Fund;
- (2) Revenue Fund;
 - (a) Interest Account;
 - (b) Principal Account;
 - (c) Redemption Account;
- (3) Capital Reserve Fund;
- (4) Pledged Loans Fund.

(B) Any amounts held by a Depositary as agent for the Trustee and all amounts held under the Custodian/Depositary/Servicing Agreement with respect to the Pledged Loans shall be deemed to be held by the Trustee in the appropriate Fund or Account hereunder. All moneys or securities deposited with the Trustee or any Depositary pursuant to this Indenture shall be held in trust and applied only in accordance with the provisions hereof and shall be considered trust funds for the purposes of this Indenture.

Section 502 - Capital Projects Fund. (A) The Corporation shall request release of amounts from the Capital Projects Fund only to pay Costs of Issuance or costs of Capital Projects, and, upon receipt of a written request from the Corporation for any such purpose, the Trustee shall release the amounts requested to or upon the order of the Corporation subject to the requirements of (C) of this Section 502.

(B) The Corporation may deposit assets in the Capital Projects Fund at any time.

(C) The Trustee shall pay out and permit the withdrawal of amounts on deposit in the Capital Projects Fund at any time for the purposes set forth in (A) of this Section, but only upon receipt of a Certificate of an Authorized Officer of the Corporation setting forth (i) the amount to be paid, (ii) the person or persons to whom such payment is to be made (which may be or include the Corporation or the State), and (iii) in reasonable detail the purpose or purposes of such withdrawal and stating that such withdrawal from the Capital Projects Fund is a proper charge thereon. If the withdrawal is for payment of a cost of Capital Projects, the Certificate must be accompanied by, or included within, a requisition in the form set forth in Exhibit C hereto.

Section 503 - Revenue Fund. (A) Pledged Receipts, together with all other funds received hereunder and not otherwise directed hereunder, shall be credited to the Revenue Fund as required by Section 402 hereof.

(B) Amounts in the Revenue Fund shall be applied only for the purpose of making the payments or transfers provided in (C) of this Section.

(C) The Trustee shall make payments from the Revenue Fund at any time in the order and amounts prescribed below:

First: To the Corporation, the amount certified in writing by the Corporation as necessary to make any rebate payments or Yield Reduction Payments required to comply with its covenant contained in Section 714.

Second: To the Interest Account, the amount necessary to increase the amount in such Account so that it at least equals unpaid interest next coming due on the Outstanding Bonds.

Third: To the Principal Account, the amount necessary to increase the amount in such Account so that it at least equals the amount of principal next coming due on the Outstanding Bonds.

Fourth: To the Capital Reserve Fund, the amount, if any, necessary to cause the amount in such fund to equal the Capital Reserve Requirement.

Fifth: To the Insurer any amounts due under the Insurance Agreement.

Sixth: To the Corporation, as directed in writing, for the payment of Program Expenses, or the establishment of reserves therefor, the amount needed and required to pay a portion of the reasonable and necessary Program Expenses; provided that the amount so paid to the Corporation or set aside in

reserve during any Fiscal Year for the payment of Program Expenses may not exceed 1.25% of the average principal amount of Pledged Loans outstanding during the preceding Fiscal Year or such greater or lesser amount as may be set forth in a Bond Coverage Certificate.

Seventh: Any remaining amounts shall be held in the Revenue Fund and applied as provided in the foregoing paragraphs or otherwise as provided in this Indenture.

Section 504 - Interest Account and Principal Account. (A) The Trustee shall pay out of the Interest Account to the Paying Agent for the Bonds (i) on or before each Interest Payment Date, the amounts required for the payment of interest due on the Outstanding Bonds on such date and (ii) on or before the redemption date or date of purchase, the amounts required for the payment of accrued interest on the Bonds redeemed or purchased for retirement, unless the payment of such accrued interest shall be otherwise provided for. In each such case, such amounts shall be applied by the Paying Agent to such payments.

(B) From the amount accumulated in the Principal Account for the payment of principal of the Bonds the Trustee shall pay to the Paying Agent on or before each Principal Installment Date the amount, if any, required for the payment of principal due on such date, and such amounts shall be applied by the Paying Agent to such payments.

(C) The amount accumulated in the Principal Account for each Sinking Fund Payment may and, if so directed in writing by the Corporation, shall be deposited in the Redemption Account (together with amounts accumulated in the Interest Account with respect to interest on such Bonds for which such Sinking Fund Payment was established) and applied by the Trustee prior to the forty-fifth day preceding the due date of such Sinking Fund Payment as follows:

(1) to the purchase pursuant to Section 505(B) of Bonds of the maturity for which such Sinking Fund Payment was established; or

(2) to the redemption of such Bonds pursuant to Section 601, if then redeemable by their terms, at the Redemption Price which would be payable for such Bonds upon redemption by application of such Sinking Fund Payment plus unpaid interest accrued to the date of redemption.

Section 505 - Redemption Account. (A) There shall be deposited in the Redemption Account any amounts which are required to be deposited therein pursuant to this Indenture and any Surplus Revenues or other amounts available therefor and determined by the Corporation to be deposited therein. Subject to the provisions of this

Indenture requiring the application thereof to the purchase or redemption of any particular Bonds, the Trustee shall apply any amounts deposited in the Redemption Account to the purchase or redemption of any of the Bonds at the times and in the manner provided in this Section and in Section 601 or Section 602, as applicable.

(B) At any time prior to the forty-fifth day prior to the day upon which Bonds are to be redeemed from such amounts, the Trustee shall, upon the written direction of the Corporation and with the prior written consent of the Insurer, apply amounts in the Redemption Account to the purchase of any of the Bonds which may be redeemed by application of amounts on deposit in the Redemption Account. The Trustee shall purchase Bonds at such times, for such prices, in such amounts and in such manner as the Corporation shall from time to time direct in writing. The purchase price paid (excluding accrued interest but including any brokerage and other charges) for any Bond purchased shall not exceed the principal amount of such Bond unless such Bond may be redeemed in accordance with this Indenture on any date within thirteen months after such purchase in which event such purchase price shall not exceed the highest Redemption Price payable on any such date upon the redemption of such Bond. In the event the Trustee is able to purchase a principal amount of Bonds equivalent to the sum of the deposits in the Redemption Account for the redemption of such Bonds at a purchase price less than the sum of such deposits, excluding the applicable transfers from the Interest Account, upon the payment by the Trustee of the purchase price of such Bonds, the Trustee shall transfer the balance of such moneys remaining in the Redemption Account to, and deposit the same in, the Revenue Fund. The Trustee shall immediately cancel all Bonds that it purchases pursuant to this Section 505(B).

(C) The Corporation may, from time to time by written instructions, direct the Trustee to make purchases under subsection (B) above. No purchase of Bonds shall be made by the Trustee from amounts in the Redemption Account within the period of forty-five days next preceding any date on which such Bonds are subject to redemption.

(D) Upon the purchase or redemption of Bonds of any maturity for which Sinking Fund Installments have been established from amounts in the Redemption Account, there shall be credited toward all future Sinking Fund Installments thereafter to become due and any payment upon final maturity with respect to such Bonds, on a pro rata basis among all such Sinking Fund Installments and payment upon final maturity, an amount equal to the total principal amount of such Bonds so purchased or redeemed. If, however, there shall be filed with the Trustee written instructions of an Authorized Officer of the Corporation specifying a different method for crediting Sinking Fund Installments upon any such purchase or redemption of Bonds, then such Sinking Fund Installments shall be credited as shall be provided in such instructions, but only if the Corporation shall have filed with the Trustee a Bond Coverage Certificate reflecting such crediting method.

(E) As soon as practicable after the forty-fifth day preceding the due date of any such Sinking Fund Installment, the Trustee shall proceed to call for redemption pursuant to Article VI, on such due date, Bonds of the maturity for which such Sinking Fund Installment was established in such amount as shall be necessary to complete the retirement of Bonds of such maturity in the principal amount equal to the amount of the unsatisfied balance of such Sinking Fund Installment. The Trustee shall so call such Bonds for redemption without regard to whether it then has moneys in the Redemption Account sufficient to pay the applicable Redemption Price thereof to the redemption date. The Trustee shall pay out of the Redemption Account to the appropriate Paying Agents on the day preceding each such redemption date, the amount required for the redemption of the Bonds so called for redemption, and such amount shall be applied by such Paying Agents to such redemption.

(F) The Trustee shall pay out of the Redemption Account to the Paying Agent for the Bonds, on or before the redemption date thereof, the amounts required for the payment on such date by the Paying Agent of the Redemption Price of any Bonds to be redeemed, and the Paying Agent shall apply such amounts to the redemption of such Bonds on and after such date. If at any date there shall be moneys in the Redemption Account and there shall be Outstanding none of the Bonds for the redemption of which such moneys were deposited in the Redemption Account, such moneys shall be withdrawn therefrom and deposited in the Revenue Fund.

(G) Except for amounts which are required to be retained therein for the redemption of Bonds for which notice of redemption shall have been given as provided in Article VI or for which the Trustee has received irrevocable instructions to give such a notice on a future date, amounts in the Redemption Account may, upon the written request of the Corporation, signed by an Authorized Officer, be transferred to the Revenue Fund

Section 506 - Insufficient Revenues; Capital Reserve Fund. (A) If, two Business Days before any Interest Payment Date, the amount in the Principal Account or the Interest Account (taking into account amounts scheduled to be received from Investment Securities at any time before such Interest Payment Date) shall be less than the amount required for the payment of all principal of and interest on the Bonds due on such Interest Payment Date, the Trustee shall apply all Surplus Revenues to satisfy such insufficiency and, if an insufficiency remains thereafter, shall immediately notify the Corporation of such event and shall apply amounts from the Capital Reserve Fund to the extent necessary to make good the deficiency. If, on any Redemption Date (or any date for the purchase of Bonds under Section 505(B)), the amount in the Redemption Account and the Interest Account shall be less than the amount required for the payment of the Redemption Price (or purchase price) and interest accrued on such Bonds to be redeemed (or purchased) on such date the Trustee shall apply all Surplus Revenues to satisfy such insufficiency and, if an insufficiency remains

thereafter, shall immediately notify the Corporation of such event and shall apply amounts from the Capital Reserve Fund to the extent necessary to make good the deficiency. If, on any date specified in this Section 506(A) for the application of amounts in the Capital Reserve Fund, there are insufficient amounts for such application, or if, at any time, the amount in the Capital Reserve Fund is less than the Capital Reserve Requirement, the Trustee shall immediately notify the Corporation of such event and, upon the written direction of the Corporation, shall immediately transfer to the Capital Reserve Fund from assets of the Corporation which the Corporation may elect (but is not required) to make available for such purpose or from any other Fund or Account amounts necessary to increase the amount in the Capital Reserve Fund to the amount needed for the intended application or to the Capital Reserve Requirement, as the case may be. In determining whether the amount in the Capital Reserve Fund is at least equal to the Capital Reserve Requirement, the Trustee shall include the amount of cash and the principal amount of Investment Securities held in the Capital Reserve Fund, together with the amount of interest earned or accrued thereon as of the date of valuation.

(B) All income earned or gains realized as a result of the investment of amounts on deposit in the Capital Reserve Fund shall be deposited therein and constitute a part thereof. Except as provided in subsection (C) of this Section, if, concurrently with any allocation from the Revenue Fund pursuant to subsection (C) of Section 503, the amount on deposit in the Capital Reserve Fund shall be in excess of the Capital Reserve Requirement, the Trustee shall transfer the amount of such excess to the Revenue Fund.

(C) Whenever the Corporation shall deliver instructions to the Trustee to redeem Bonds and such redemption is to be made from amounts then on deposit in any Fund or Account other than the Capital Reserve Fund, the Trustee shall calculate the amount by which the amount on deposit in the Capital Reserve Fund will exceed the Capital Reserve Requirement immediately following the redemption of the Bonds specified in such instructions (and to be redeemed from such amounts), and such excess amount shall, on the redemption date specified in such instructions, be transferred into the Revenue Fund. In making the aforesaid calculation, the Trustee shall also take into account, as nearly as practicable, the additional amount by which the amount on deposit in the Capital Reserve Fund will exceed the Capital Reserve Requirement as a result of the redemption of Bonds from the amounts to be so withdrawn. The Trustee shall give notice of the redemption of such Bonds and shall select the particular Bonds to be so redeemed in such manner as the Corporation shall specify in written instructions (subject to the terms of this Indenture) or, failing such instructions, as the Trustee shall, in its sole discretion, deem advisable.

(D) Whenever the amount in the Capital Reserve Fund, together with the amount in the Interest Account and Principal Account, is sufficient to fully pay the

principal of and interest on all Outstanding Bonds in accordance with their terms (including the Sinking Fund Installments for the retirement thereof), and immediately thereafter the amount on deposit in the Capital Reserve Fund shall at least equal the Capital Reserve Requirement, such amount shall, at the written direction of the Corporation, be transferred from the Capital Reserve Fund to the Revenue Fund. Prior to any such transfer, investments held in the Capital Reserve Fund in an amount necessary to make said transfer shall be liquidated.

(E) The Trustee shall sell or redeem Investment Securities to the extent necessary to provide money to make any required payment pursuant to this Section and, at the written direction of the Corporation, shall sell or redeem Investment Securities to make any deposit, purchase, payment or redemption as permitted pursuant to this Section.

(F) The Corporation may, at any time, satisfy the Capital Reserve Requirement by depositing into the Capital Reserve Fund, either in addition to other assets then in the Capital Reserve Fund or in replacement thereof, Eligible Capital Reserve Assets. At any time that the Corporation makes a deposit to the Capital Reserve Fund, other than from Revenues, it shall provide written notice of such deposit to the Rating Agencies and the Insurer.

Section 507 - Pledged Loans Fund. (A) Upon the payment or redemption of all of the Outstanding Bonds and payment to the Insurer of all amounts due under the Insurance Agreement, the balance, if any, remaining in the Pledged Loans Fund shall be transferred to the Corporation.

(B) At any time the Corporation may direct the Trustee to withdraw Pledged Loans or other property from the Pledged Loans Fund, and the Trustee shall so withdraw such Pledged Loans or other property and deliver such Pledged Loans or other property to the Corporation free and clear of the lien and pledge of this Indenture; provided that

(i) the Trustee receives (a) a Bond Coverage Certificate taking into consideration such withdrawal of such Pledged Loans or other property, and (b) written consent from the Insurer to such sale, assignment, transfer, or other disposition of such Pledged Loan at such lower price;

(ii) the Trustee receives from the Corporation a Certificate that no Event of Default and no payment default with respect to the Bonds exists or remains uncured, and no Event of Default or payment default with respect to the Bonds as to which the Trustee has knowledge shall exist and remain uncured (unless the withdrawal shall cure the Event of Default or payment default);

(iii) the Capital Reserve Fund will be funded to at least the Capital Reserve Requirement after giving effect to the withdrawal; and

(iv) the Corporation shall certify to the Trustee that all conditions precedent to the withdrawal of Pledged Loans and other property pursuant to this Section 507(B) and pursuant to any other applicable provisions of this Indenture shall have been satisfied.

(C) The Corporation may at any time sell, assign, transfer or otherwise dispose of a Pledged Loan at a price (i) at least equal to the principal amount thereof (plus accrued interest) (a) when the amounts on deposit in the Funds created in Section 501(A) are at least equal to the principal amount of the Outstanding Bonds or (b) to pay current debt service on the Bonds; or (ii) lower than the principal amount thereof (plus accrued interest) if the Corporation delivers to the Trustee (a) a Bond Coverage Certificate taking into consideration such sale, assignment, transfer, or other disposition of such Pledged Loan at such lower price, and (b) written consent from the Insurer to such sale, assignment, transfer, or other disposition of such Pledged Loan at such lower price. The Corporation shall, with the consent, or at the direction of the Insurer, sell Pledged Loans if necessary to prevent the occurrence of an Event of Default. The Corporation shall also sell Pledged Loans if necessary to prevent a default in the payment of the principal of or interest on any of the Bonds when due, unless such sale would cause an Event of Default to occur.

Section 508 - Reserved.

Section 509 - Creation of Additional Funds, Accounts and Subaccounts. The Trustee shall establish within any Fund such Accounts, in addition to the Accounts herein established, for the purposes of such Fund as the Corporation may direct in writing and shall in like manner establish within any Account such additional subaccounts for the purposes of such Account as the Corporation shall so determine.

Section 510 - Deposits and Investments. (A) All amounts in any Fund or Account held under this Indenture (including amounts described in the Custodian/Depository/Servicing Agreement with respect to the Pledged Loans and any other amounts held in any fund or account created by or on behalf of any such fiduciary or Depository for the receipt of amounts held under this Indenture) by any Fiduciary or Depository shall be held in trust for the benefit of the Trustee if not held by the Trustee and shall be continuously and fully secured for the benefit of the Corporation and the holders of the Bonds either (i) by lodging Investment Securities as collateral with the Trustee as custodian, having a market value (exclusive of accrued interest) not less than the amount of such moneys or (ii) in such other manner as may then be required by applicable federal or state laws and regulations and applicable state laws and regulations of the state in which such Fiduciary or Depository (as the case may be) is

located, regarding security for, or granting a preference in the case of, the deposit of trust funds; except that it shall not be necessary for a Fiduciary or Depositary to give security under this subsection for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds, or for any Fiduciary or Depositary to give security for any moneys which shall be represented by obligations or certificates of deposit purchased as an investment of such moneys. All amounts deposited with the Trustee and each Depositary (including amounts received by the State of Alaska under the Custodian/Depositary/Servicing Agreement with respect to the Pledged Loans) shall immediately be credited to the particular Fund or Account to which such amounts belong. Until such time as such amounts are expended for the purposes authorized by this Indenture or are transferred to another Fund or Account as provided in this Indenture, the Trustee or Depositary shall invest such amounts as provided in (B) of this Section. Neither the Trustee nor any Depositary shall be responsible for any losses resulting from the investment of moneys in the Funds and Accounts, so long as such investments are made in accordance with this Indenture and the written direction of the Corporation or, in the case of the State acting under the Custodian/Depositary/Servicing Agreement, in accordance with the Custodian/Depositary/Servicing Agreement. The Trustee may make any investments permitted or required by this Section 510 through its own investment department or that of its affiliates. The Corporation acknowledges that to the extent that regulations of the Comptroller of the Currency or other applicable regulatory agency grant the Corporation the right to receive brokerage confirmations of security transactions, the Corporation waives receipt of such confirmation.

(B) Upon the deposit of any amounts in any Fund or Account, the Corporation may furnish the Trustee with a schedule of dates on which it is estimated by the Corporation that such moneys in said Fund or Account will be required to be expended. The Corporation may from time to time amend the schedule so furnished. Upon receipt of such schedule or amended schedule, the Corporation shall direct the Trustee or Depositary, in writing, to invest and reinvest in Investment Securities the moneys in said Fund or Account so that the maturity date or date of redemption at the option of the holder of such obligations shall coincide as nearly as practicable with the times at which moneys are needed by the Corporation to be so expended, except that investments purchased with amounts in the Principal Account must mature or be redeemable at the option of the holder no later than the day before the Principal Installment Date on which amounts used to purchase such investments are needed to pay principal of the Bonds, and investments purchased with amounts in the Interest Account must mature or be redeemable at the option of the holder no later than the day before the Interest Payment Date on which amounts used to purchase such investments are needed to pay interest on the Bonds. The obligations purchased shall be held by the Trustee and shall be deemed at all times to be part of such Fund or Account, and the Trustee shall keep the Corporation advised as to the details of all such investments.

(C) Except as otherwise provided in this Indenture, obligations purchased as an investment of moneys in any Fund or Account held by the Trustee under the provisions of this Indenture shall be deemed at all times to be a part of such Fund or Account, but the income or interest earned and gains realized in excess of losses suffered by a Fund or Account, other than the Capital Reserve Fund and the Capital Projects Fund, due to the investment thereof shall be deposited upon receipt as Pledged Receipts into the Revenue Fund. The income or interest earned and gains realized in excess of losses suffered by the Capital Reserve Fund shall be deposited in and shall remain part of the Capital Reserve Fund. The income or interest earned and gains realized in excess of losses suffered by the Capital Projects Fund shall be deposited in and shall remain part of the Capital Projects Fund.

(D) The Trustee shall advise the Corporation in writing, on or before the tenth day of each calendar month, of the details of all investments held for the credit of each Fund and Account in its custody under the provisions of this Indenture as of the end of the preceding month.

Section 511 - Use of Funds in Event of Default. If an Event of Default described in Section 1002(1) or (2) occurs and is continuing, the Trustee may use moneys from any Fund or Account created hereunder to make payments required hereunder.

ARTICLE VI REDEMPTION OF BONDS

Section 601 - Sinking Fund Redemption. The Bonds are subject to mandatory redemption and shall be redeemed in part by lot on each of the dates set forth in the following table, in each case at a Redemption Price equal to the principal amount of Bonds to be so redeemed, together with interest accrued to the redemption date, upon notice as provided in Section 605. Subject to crediting as provided in Section 505, there shall be due and the Corporation shall in any and all events be required to pay on each of the following dates set forth in the following table the amount set opposite each such date in said table and each said amount (except for the amount set forth as the final maturity of the Bonds) is hereby established as and shall constitute a Sinking Fund Installment for the retirement of the Bonds:

<u>Sinking Fund Date</u>	<u>Principal Amount</u>
January 1, 2017	\$1,360,000
July 1, 2017	1,395,000
January 1, 2018	1,425,000
July 1, 2018*	1,050,000

*Final Maturity

Section 602 - Optional Redemption. The Bonds maturing on or after July 1, 2014, are subject to redemption in whole or in part on any date from and after January 1, 2014, at the option of the Corporation at a Redemption Price equal to 100% of the principal amount of the Bonds to be so redeemed plus accrued interest to the date of the redemption.

Section 603 - Redemption in Authorized Denominations. Nothing in this Indenture shall require the redemption of Bonds in amounts less than Authorized Denominations. If amounts are available for the redemption of Bonds but such amounts are less than an Authorized Denomination of the Bonds to be redeemed, the Trustee shall so notify the Corporation and, at the written direction of the Corporation, shall deposit such amount as such written direction shall indicate.

Section 604 - Notice to Trustee of Redemption at the Election or Direction of the Corporation. In the case of any redemption of Bonds pursuant to Section 602, the Corporation shall at least 45 days prior to the redemption date give written notice to the Trustee of its election or direction so to redeem, of the redemption date, of the principal amounts of the Bonds of each maturity to be redeemed (which redemption date, maturities and principal amounts thereof to be redeemed shall be determined by the Corporation in its sole discretion, subject to any limitations with respect thereto contained in this Indenture) and of any moneys to be applied to the payment of the Redemption Price. Upon the giving of such notice, the Corporation, if it holds the amounts to be applied to the payment of the Redemption Price, shall pay to the Trustee for deposit in the Redemption Account an amount in cash which, in addition to other moneys, if any, available therefor held herein, will be sufficient to redeem on the redemption date at the Redemption Price thereof, all of the Bonds to be redeemed.

Section 605 - Redemption Otherwise Than at Corporation's Election or Direction. Whenever by the terms of this Indenture the Trustee is required to redeem Bonds otherwise than at the election or direction of the Corporation, and subject to and in accordance with the terms of this Article, the Trustee shall select the redemption date of the Bonds to be redeemed and give notice of the redemption in the manner prescribed by Section 606.

Section 606 - Notice to Bondholders of Redemption. When the Trustee shall receive notice from the Corporation of its election or direction to redeem Bonds pursuant to Section 602, and when redemption of Bonds is required by this Indenture pursuant to Section 601, the Trustee shall give notice in the name of the Corporation, regardless of whether the Trustee has sufficient money available to pay the applicable Redemption Price with accrued interest on the Bonds to be redeemed, of the redemption of such Bonds, which notice shall specify the maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any maturity are to be

redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed and, in the case of Bonds to be redeemed in part only, such notice shall also specify the respective portions of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue and be payable; provided, however, that if the Trustee does not have available money in an amount sufficient to pay such amounts on such date, then such notice of redemption shall be null and of no effect. The Trustee shall mail a copy of such notice, postage prepaid, at the time specified below in this Section, to the registered owners of any Bonds or portions of Bonds which are to be redeemed, at their last addresses, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of the proceedings for the redemption of Bonds. The Trustee shall take the following actions with respect to such redemption notice:

(1) At least 10 but not more than 30 days prior to the redemption date, such redemption notice shall be given to the respective owners of the Bonds designated for redemption, by first class mail, postage prepaid, at their addresses appearing on the Bond Register, and such redemption notice shall be so mailed a second time no more than 60 days after the redemption date to holders of Bonds who have not turned in their Bonds to the Trustee for redemption 30 days after the redemption date.

(2) At least one Business Day before a date on which the redemption notice is mailed to the owners pursuant to paragraph (1) above, such redemption notice shall be given by (A) registered or certified mail, postage prepaid, (B) confirmed facsimile transmission, or (C) overnight delivery service, to the following securities depository and to any other securities depository that is a registered owner:

The Depository Trust Company
Att'n: Supervisor, Call Notification Department
55 Water Street, 50th Floor
New York, NY 10041-0099
Telephone Number: (212) 855-7207, 7208 or 7209
Facsimile Number: (212) 855-7232, 7233, 7234 or 7285

(3) On a date on which the redemption notice is mailed to the owners pursuant to paragraph (1) above, such redemption notice shall be given by (A) registered or certified mail, postage prepaid, (B) overnight delivery service, or (C)

first class mail, postage prepaid, to each of the following information services or their successors:

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, New Jersey 08558
Phone: (609) 279-3225
Fax: (609) 279-5962
http://www.bloomberg.com/markets/muni_contactinfo.html
Email: Munis@Bloomberg.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
Fax: (201) 947-0107
<http://www.dpcdata.com>
Email: nrmsir@dpcdata.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, New York 10038
Phone: (212) 771-6999
Fax: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
<http://www.interactivedata.com>
Email: NRMSIR@FTID.com

Standard & Poor's Securities Evaluations, Inc.
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
www.jjkenny.com/jjkenny/pser_descrip_data_rep.html
Email: nrmsir_repository@sandp.com

Neither failure to receive any redemption notice nor any defect in such redemption notice so given shall affect the sufficiency of the proceedings for the redemption of such Bonds. Failure by the Trustee to deliver such notice of redemption of the Bonds at the times required herein shall not impair the ability of the Trustee and the Corporation to effect such redemption.

Section 607 - Selection of Bonds to be Redeemed by Lot. In the event of redemption of less than all the Outstanding Bonds of like maturity, the Trustee shall select the Bonds to be redeemed, from all Bonds or portions thereof not previously called for redemption, by lot in any manner which the Trustee in its sole discretion shall deem fair and appropriate.

Section 608 - Payment of Redeemed Bonds. (A) Notice having been given in the manner provided in Section 606, the Bonds or portions thereof so called for redemption shall become due and payable on the redemption date so designated at the Redemption Price, plus interest accrued and unpaid to the redemption date, and, upon presentation and surrender thereof at the office specified in such notice, such Bonds, or portions thereof, shall be paid at the Redemption Price plus interest accrued and unpaid to the redemption date. If there shall be drawn for redemption less than all of a Bond, the Corporation shall execute and the Trustee shall authenticate and the Paying Agent deliver, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered at the option of the owner thereof, Bonds of like maturity in any Authorized Denomination. If, on the redemption date, moneys for the redemption of all the Bonds or portions thereof of any like maturity to be redeemed, together with interest to the redemption date, shall be held by any Paying Agent so as to be available therefor on said date and if notice of redemption shall have been mailed as aforesaid, then, from and after the redemption date interest on the Bonds or portions thereof of such maturities so called for redemption shall cease to accrue and become payable. If said moneys shall not be so available on the redemption date, such Bonds or portions thereof shall continue to bear interest until paid at the same rate as they would have borne had they not been called for redemption.

(B) Each check or other transfer of funds issued for the purpose of redeeming any Bond shall bear or be accompanied by a statement specifying the CUSIP number identifying the Bonds being redeemed with the proceeds of such check or other transfer. The Trustee shall have no responsibility for a defect in the CUSIP number that appears on any Bond or in the redemption notice, statement or check. The redemption notice may provide that the CUSIP numbers have been assigned by an independent service and are included in the notice solely for the convenience of Bondholders and that the Trustee and the Corporation shall not be liable in any way for inaccuracies in said numbers.

ARTICLE VII PARTICULAR COVENANTS

The Corporation covenants and agrees with the Trustee and the holders of the Bonds as follows:

Section 701 - Payment of Bonds. The Corporation shall duly and punctually pay or cause to be paid the principal or Redemption Price, if any, of every Bond and the interest thereon, at the dates and places and in the manner stated in the Bonds according to the true intent and meaning thereof and shall duly and punctually pay or cause to be paid all Sinking Fund Installments, if any, becoming payable with respect to any Bonds; provided, however, that the Corporation shall only be obligated to make or cause to be made any such payment from amounts that are available for such purpose from the Trust Estate and is not obligated to make or cause to be made any such payments from its assets generally or from any other source whatsoever.

Section 702 - Extension of Payment of Bonds. The Corporation shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time for payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default hereunder, to the benefit of this Indenture or to any payment out of the Funds or Accounts established pursuant to this Indenture, including the investments, if any, thereof, or out of any assets or revenues pledged hereunder (except moneys held in trust for the payment of particular Bonds or claims for interest pursuant to this Indenture) prior to benefits accorded to or the payment of the principal of all Bonds Outstanding the maturity of which has not been extended and of such portion of the accrued interest on the Bonds as shall not be represented by such extended claims for interest. Nothing herein shall be deemed to limit the right of the Corporation to issue refunding bonds and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 703 - Office for Servicing Bonds. The Corporation shall at all times maintain an office or agency where Bonds may be presented for transfer or exchange, and where notices, presentations and demands upon the Corporation in respect of the Bonds or of this Indenture may be served. The Corporation hereby appoints the Trustee as its agent to maintain such office or agency for the transfer or exchange of Bonds and for the service of such notices, presentations and demands upon the Corporation and may appoint one or more co-registrars for such purposes. The Corporation hereby appoints the Trustee as Paying Agent and hereby appoints the Paying Agent as its agent to maintain such offices or agencies for the payment of Bonds.

Section 704 - Further Assurance. At any and all times the Corporation shall, so far as it may be authorized by law, pass, make, do, execute, acknowledge and deliver, all and every such further resolutions, acts, deeds, conveyances, assignments, transfers and assurances as may be necessary for the better assuring, conveying, granting, pledging, assigning and confirming all and singular the rights, assets, revenues and other moneys, securities, funds and property hereby pledged or assigned, or intended so to be, or which the Corporation may become bound to pledge or assign.

Section 705 - Power to Issue Bonds and Pledge Revenues, Funds and Other Property. The Corporation is duly authorized under all applicable laws to authorize and issue the Bonds and to execute and deliver this Indenture and to pledge the Trust Estate purported to be pledged hereby in the manner and to the extent herein provided. The Trust Estate so pledged is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, of equal rank with, or subordinate to, the pledge created hereby, and all corporate or other action on the part of the Corporation to that end has been and will be duly and validly taken. The Bonds and the provisions of this Indenture are and will be the valid and legally enforceable obligations of the Corporation in accordance with their terms and the terms of this Indenture. The Corporation shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Pledged Loans, Pledged Loan Notes, Pledged Receipts, and other assets and revenues constituting the Trust Estate, including rights therein pledged under this Indenture and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

Section 706 - Pledged Loans. (A) The Corporation shall from time to time, with all practical dispatch and in a sound and economical manner consistent in all respects with the Act and its regulations and other applicable provisions of law from time to time in effect, the provisions of this Indenture and sound banking practices and principles, (i) do all such acts and things as shall be necessary to receive and collect Pledged Receipts (including diligent enforcement of the prompt collection of any delinquencies) sufficient to pay the Program Expenses and the principal or Redemption Price, if any, of and interest on the Bonds and apply such amounts in a manner consistent with such purpose, and (ii) diligently enforce, and take all steps, actions and proceedings reasonably necessary in the judgment of the Corporation to enforce, all terms, covenants and conditions of the Pledged Loans, including, without limitation, any action or proceeding necessitated by any State legislation purporting to waive or relax any of the terms and provisions thereof. Notwithstanding the foregoing, the Corporation may modify the terms of any Pledged Loan or Pledged Loan Note or any group of Pledged Loans or Pledged Loan Notes or take any other action it chooses which may have the effect of modifying the terms of any Pledged Loans or Pledged Loan Notes, provided that the Corporation (i) obtains the Insurer's written consent to such modification or

other action, and (ii) files with the Trustee a Modified Bond Coverage Certificate reflecting such modification or other action.

(B) The Corporation hereby represents and warrants that it has the experience to administer and service the Pledged Loans in accordance with the requirements of the Act and covenants that it shall at all times take all action to ensure that the administering and servicing of the Pledged Loans complies with the requirements of the Act.

Section 707 - No Further Liens on Trust Estate. The Corporation shall not hereafter create or permit the creation of, or issue any obligations or create any indebtedness which will be secured by, a lien on the Trust Estate.

Section 708 - The Capital Reserve Fund. (A) The Corporation shall at all times maintain the Capital Reserve Fund created and established by Section 501 and do and perform or cause to be done and performed each and every act and thing with respect to the Capital Reserve Fund provided to be done or performed by or on behalf of the Corporation or the Trustee or the Paying Agents under the terms and provisions of Article V hereof.

(B) In order to better secure the Bonds and to make them more marketable and to maintain in the Capital Reserve Fund an amount equal to the Capital Reserve Requirement, the Corporation shall, in compliance with the provisions of the Act, cause the Chairman of the Board of Directors of the Corporation annually, on or before January 15 of each year, to certify in writing to the Governor of the State and the Chairmen of the House and Senate Finance Committees the amount, if any, required to restore the Capital Reserve Fund to the Capital Reserve Requirement. A copy of such Certificate shall be promptly delivered to the Trustee. All moneys received by the Corporation from the State in accordance with the provisions of the Act pursuant to any such certification shall be paid to the Trustee for deposit and credit to the Capital Reserve Fund. In addition, if 15 days prior to the end of each calendar quarter during which the Bonds are outstanding, the amount in the Capital Reserve Fund is not equal to the Capital Reserve Requirement or there is not sufficient money otherwise available in all Funds and Accounts established hereunder to pay principal and interest coming due on the next Interest Payment Date, the Chairman of the Board shall certify in writing to the Governor the amount, if any, required to restore the Capital Reserve Fund to the Capital Reserve Requirement or to pay such principal and interest coming due, as the case may be.

(C) Notwithstanding any other provision of this Indenture, the Trustee shall not permit amounts to be withdrawn from the Capital Reserve Fund other than pursuant to Section 506.

Section 709 - Compliance with Conditions Precedent. Upon the date of issuance of any of the Bonds, all conditions, acts and things required by law or by this Indenture to exist, to have happened or to have been performed precedent to or in the issuance of such Bonds shall exist, have happened and have been performed, or will have happened or been performed, and such Bonds, together with all other indebtedness of the Corporation shall be within every debt and other limit prescribed by law.

Section 710 - General. The Corporation shall do and perform or cause to be done and performed all acts and things required to be done or performed by or on behalf of the Corporation under the provisions of the Act and this Indenture in accordance with the terms of such provisions.

Section 711 - Waiver of Laws. The Corporation shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of any stay or extension law now or at any time hereafter in force which may affect the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of any such law is hereby expressly waived by the Corporation.

Section 712 - Tax Covenants. (A) The Corporation shall not directly or indirectly use, or permit or direct the use of, any proceeds of the Bonds or any other funds of the Corporation, or take or omit to take any other action, if it would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the Regulations promulgated thereunder. To that end, the Corporation will comply with all requirements of Section 148(a) of the Code to the extent applicable to the Bonds. In the event that for purposes of this Section 712 it is necessary to restrict or to limit the yield on the investment of any moneys held by the Trustee under the Indenture, the Corporation shall so instruct the Trustee in writing, and the Trustee shall take such action as directed. The Corporation specifically covenants that the Corporation will pay or cause to be paid to the United States at the times and in the amounts determined under this Indenture the rebate amounts described herein. The Corporation further covenants and agrees that it (i) will not directly or indirectly use or permit the use of any proceeds of the Bonds that would cause the Bonds to be "private activity bonds" within the meaning of Section 141(a) of the Code and the Regulations promulgated thereunder and (ii) will take all action necessary to assure that interest on the Bonds shall be and remain excluded from gross income for federal income tax purposes.

(B) Terms used in this Section and not otherwise defined herein shall have the meanings assigned to such terms under the Code and Regulations.

Section 713 - Continuing Disclosure; Bankruptcy. (A) The Corporation hereby covenants and agrees that it will comply with and carry out all the provisions of each Continuing Disclosure Agreement. Notwithstanding any other provision of this Indenture, failure of the Corporation to comply with any Continuing Disclosure

Agreement shall not be considered an Event of Default, and any Bondholder may take such actions only as may be provided in such Continuing Disclosure Agreement.

(B) The Corporation hereby covenants and agrees that it will notify the Rating Agencies and the Insurer of any change in the Act which would permit it or require it to declare bankruptcy under the Bankruptcy Code.

Section 714 - Rebate Procedures. (A) For purposes of complying with the arbitrage rebate requirements of Section 148 of the Code and Section 1.148-3 of the Regulations, the Corporation or its designee shall calculate rebatable arbitrage in accordance with this Section and shall assure payment, or shall provide written direction to the Trustee to pay (but, with respect to the Trustee, only from amounts in Funds and Accounts as provided in this Indenture or, if such amounts are insufficient or unavailable for such purpose, from amounts delivered for such purpose to the Trustee from the Corporation), such rebatable arbitrage to the United States in accordance with this Section.

(B) The Corporation shall calculate and pay, or cause to be calculated and paid, the rebatable arbitrage described in (A) of this Section in the manner, at the times, and otherwise in accordance with the procedures set forth in Section 1.148-3 of the Regulations. For purposes of such Regulations, the computation dates shall be June 30, 2008, and June 30 of every fifth year thereafter until all of the Bonds have been discharged within the meaning of said Regulations. The Trustee is not responsible for calculating rebate amounts, for the adequacy or correctness of any rebate report, or for enforcing compliance with rebate filing or reporting requirements.

(C) The Corporation covenants that it will engage professionally competent advisors recognized in the field of municipal finance and arbitrage rebate computation to assist it in complying with the arbitrage rebate computations required by Section 148 of the Code and by this Section.

Section 715 - Excess Interest Fund. No later than forty-five days after each Excess Interest Calculation Date, the Corporation shall determine, or cause to be determined, for the Bonds the Excess Interest applicable to the Bonds. If any such Excess Interest exists, the Corporation shall provide written direction to the Trustee to establish an Excess Interest Fund and to transfer an amount equal to such Excess Interest from the Revenue Fund pursuant to Section 503(C). Unless the Corporation obtains an opinion of Bond Counsel to the effect that such payments are not required in order to preserve the exclusion from gross income of interest on the Bonds, the Corporation shall direct the Trustee in writing to withdraw from the Excess Interest Fund, and remit to the United States, Yield Reduction Payments in such manner and amounts and on such dates as may be required or permitted by Section 148 of the

Code and Section 1.148-5(c) of the Regulations, or other applicable Code and Regulation provisions.

ARTICLE VIII BOND INSURANCE

Section 801 - Payments under the Policy/Other Required Provisions. (A) In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Bonds, the Paying Agent has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(B) If the deficiency is made up in whole or in part prior to or on the payment date, the Paying Agent shall so notify the Insurer or its designee.

(C) In addition, if the Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on the Bonds to a trustee in bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(D) The Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Bonds as follows:

(1) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Paying Agent shall (a) execute and deliver to U.S. Bank National Association, or its successors under the Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders; and

(2) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an

instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Paying Agent) in accordance with the tenor of the Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

(E) Payments with respect to claims for interest on and principal of Bonds disbursed by the Paying Agent from proceeds of the Policy shall not be considered to discharge the obligation of the Corporation with respect to such Bonds, and the Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsection or otherwise.

(F) Irrespective of whether any such assignment is executed and delivered, the Corporation and the Paying Agent hereby agree for the benefit of the Insurer that:

(1) They recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Paying Agent), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Corporation, with interest thereon as provided and solely from the sources stated in this Indenture and the Bonds and to exercise all rights of such Holders with respect to such Bonds; and

(2) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Bond, but only from the sources and in the manner provided herein for the payment of principal of and interest on the Bonds to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(G) In connection with the issuance of additional bonds under the Indenture, the Corporation shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such additional bonds.

(H) Copies of any amendments made to the documents executed in connection with the issuance of the Bonds which are consented to by the Insurer shall be sent to the Rating Agencies.

(I) The Insurer shall receive notice of the resignation or removal of the Paying Agent and the appointment of a successor thereto.

(J) The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Corporation's audited financial statements and annual budget. Any notice that is required to be given to a holder of the Bond or to the Trustee pursuant to the Indenture shall also be provided to the Insurer. All notices required to be given to the Insurer under the Indenture shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Surveillance.

(K) The Corporation agrees to reimburse the Insurer immediately and unconditionally upon demand, to the extent permitted by law, for all reasonable expenses, including attorneys' fees and expenses, incurred by the Insurer in connection with (i) the enforcement by the Insurer of the Corporation's obligations, or the preservation or defense of any rights of the Insurer, under this Indenture and any other document executed in connection with the issuance of the Bonds, and (ii) any consent, amendment, waiver or other action with respect to the Indenture or any related document, whether or not granted or approved, together with interest on all such expenses from and including the date incurred to the date of payment at Citibank's Prime Rate plus 3% or the maximum interest rate permitted by law, whichever is less. In addition, the Insurer reserves the right to charge a fee in connection with its review of any such consent, amendment or waiver, whether or not granted or approved.

(L) The Corporation agrees not to use the Insurer's name in any public document including, without limitation, a press release or presentation, announcement or forum without the Insurer's prior consent. In the event that the Corporation is advised by counsel that it has a legal obligation to disclose the Insurer's name in any press release, public announcement or other public document, the Corporation shall provide the Insurer with at least three (3) business days' prior written notice of its intent to use the Insurer's name together with a copy of the proposed use of the Insurer's name and of any description of a transaction with the Insurer and shall obtain the Insurer's prior consent as to the form and substance of the proposed use of the Insurer's name and any such description.

(M) The Corporation shall not enter into any agreement nor shall it consent to or participate in any arrangement pursuant to which Bonds are tendered or purchased for any purpose other than the redemption and cancellation or legal defeasance of such Bonds without the prior written consent of the Insurer. The

Corporation shall not legally defease the Bonds without the prior written consent of the Insurer.

Section 802 - Limitation on Insurer Rights. Anything contained in the Indenture to the contrary notwithstanding, the existence of all rights given to the Insurer hereunder with respect to the giving of consents or approvals or the direction of proceedings are expressly conditioned upon there being no occurrence or continuation of an Insurer Event of Default; provided, however, that this Section 802 shall not in any way limit or affect the rights of the Insurer as a Bondholder, as subrogee of a Bondholder or as assignee of a Bondholder or to otherwise be reimbursed and indemnified for its costs and expenses and other payment on or in connection with the Bonds or the Policy or otherwise either by operation of law or at equity or by contract; and, provided further that such rights shall be restored if such Insurer Event of Default shall have been cured.

ARTICLE IX SUPPLEMENTAL INDENTURES

Section 901 - Supplemental Indentures Effective Upon Filing With the Trustee. For any one or more of the following purposes and at any time or from time to time, with the consent of the Insurer, a Supplemental Indenture may be entered into by and between the Corporation and the Trustee

- (1) To add to the covenants and agreements of the Corporation in this Indenture other covenants and agreements to be observed by the Corporation which are not contrary to or inconsistent with this Indenture as theretofore in effect;
- (2) To add to the limitations and restrictions in this Indenture other limitations and restrictions to be observed by the Corporation which are not contrary to or inconsistent with this Indenture as theretofore in effect;
- (3) To surrender any right, power or privilege reserved to or conferred upon the Corporation by the terms of this Indenture, but only if the surrender of such right, power or privilege is not contrary to or inconsistent with the covenants and agreements of the Corporation contained in this Indenture;
- (4) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created or to be created by, this Indenture of the Trust Estate;
- (5) To make such additions, deletions, or modifications as may be necessary to assure compliance with the Code.

Section 902 - Supplemental Indentures Effective Upon Consent of Trustee. (A) For any one or more of the following purposes and at any time or from time to time, with the consent of the Insurer, a Supplemental Indenture may be adopted, which, upon (i) the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation, and (ii) the filing with the Trustee and the Corporation of an instrument in writing made by the Trustee consenting thereto, shall be fully effective in accordance with its terms:

- (1) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in this Indenture; or
- (2) To insert such provisions clarifying matters or questions arising under this Indenture as are necessary or desirable and are not contrary to or inconsistent with this Indenture as theretofore in effect; or
- (3) To provide for additional duties of the Trustee in connection with the Pledged Loans; or
- (4) To make any change that is accompanied by a Bond Coverage Certificate reflecting such change.

(B) Any such Supplemental Indenture may also contain one or more of the purposes specified in Section 901, and in that event, the consent of the Trustee required by this Section shall be applicable only to those provisions of such Supplemental Indenture as shall contain one or more of the purposes set forth in subsection (A) of this Section.

Section 903 - Supplemental Indentures Effective With Consent of Bondholders. At any time or from time to time, a Supplemental Indenture may be adopted subject to consent by Bondholders in accordance with and subject to the provisions of Article IX and with the consent of the Insurer, which Supplemental Indenture, upon the filing with the Trustee of a copy thereof certified by an Authorized Officer of the Corporation and upon compliance with the provisions of Article X, shall become fully effective in accordance with its terms as provided in said Article.

Section 904 - General Provisions. (A) This Indenture shall not be modified or amended in any respect except as provided in and in accordance with and subject to the provisions of this Article and Article X. Nothing in this Article or Article X contained shall affect or limit the right or obligation of the Corporation to adopt, make, do, execute, acknowledge or deliver any resolution, act or other instrument pursuant to the provisions of Section 704 or the right or obligation of the Corporation to execute and deliver to any Fiduciary any instrument which elsewhere in this Indenture it is provided shall be delivered to said Fiduciary.

(B) Any Supplemental Indenture referred to and permitted or authorized by Sections 901 and 902 may be adopted by the Corporation without the consent of any of the Bondholders, but shall become effective only on the conditions, to the extent and at the time provided in said Sections, respectively. The copy of every Supplemental Indenture filed with the Trustee shall be accompanied by a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted in accordance with the provisions of this Indenture, is authorized or permitted by this Indenture, and is valid and binding upon the Corporation and enforceable in accordance with its terms (subject, as to enforcement of remedies, to applicable bankruptcy, reorganization, insolvency, moratorium, or other laws affecting creditors' rights generally from time to time in effect).

(C) The Trustee is hereby authorized to accept the delivery of a certified copy of any Supplemental Indenture referred to permitted or authorized by Sections 901, 902 or 903 and to make all further agreements and stipulations which may be therein contained, and the Trustee, in taking such action, shall be fully protected in relying on an opinion of counsel (which may be a Counsel's Opinion) that such Supplemental Indenture is authorized or permitted by the provisions of this Indenture. The Corporation shall deliver a copy of each Supplemental Indenture permitted or authorized by Sections 901, 902, or 903 to the Rating Agencies.

(D) No Supplemental Indenture shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto.

ARTICLE X AMENDMENTS

Section 1001 - Mailing of Notice of Amendment. Any provision in this Article for the mailing of a notice or other paper to Bondholders shall be fully complied with if it is mailed postage prepaid only to each registered owner of Bonds then Outstanding at his or her address, if any, appearing upon the registry books of the Corporation and to the Trustee.

Section 1002 - Powers of Amendment. Any modification or amendment of this Indenture or of the rights and obligations of the Corporation and of the holders of the Bonds hereunder, in any particular, may be made by a Supplemental Indenture, with the written consent of the Insurer and with the written consent given as provided in Section 903, (i) of the holders of at least two-thirds in principal amount of the Bonds Outstanding at the time such consent is given, (ii) in case less than all of the Bonds then Outstanding are affected by the modification or amendment, of the holders of at least two-thirds in principal amount of the Bonds so affected and Outstanding at the time such consent is given, and (iii) in case the modification or amendment changes the terms of any Sinking Fund Installment, of the holders of at least two-thirds in

principal amount of the Bonds of the particular maturity entitled to such Sinking Fund Installment and Outstanding at the time such consent is given; except that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified maturity remain Outstanding, the consent of the holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall permit a change in the terms of redemption or maturity of the principal of any Outstanding Bond or of any installment of interest thereon or a reduction in the principal amount or the Redemption Price thereof or in the rate of interest thereon without the consent of the holder of such Bond, or shall reduce the percentages or otherwise affect the Bonds the consent of the holders of which is required to effect any such modification or amendment without such holders' consent, or shall change or modify any of the rights or obligations of any Fiduciary without its written assent thereto. For the purposes of this Section, a Bond shall be deemed to be affected by a modification or amendment of this Indenture if the same adversely affects or diminishes the rights of the holder of such Bond. In determining whether in accordance with the foregoing powers of amendment Bonds of any particular maturity would be affected by any modification or amendment hereof the Trustee shall request a Counsel's Opinion, on which it shall rely, and any such Counsel's Opinion shall be binding and conclusive on the Corporation and all holders of Bonds.

Section 1003 - Consent of Bondholders. (A) The Corporation may at any time adopt a Supplemental Indenture making a modification or amendment permitted by the provisions of Section 902, to take effect when and as provided in this Section. A copy of such Supplemental Indenture (or brief summary thereof or reference thereto), together with a request to Bondholders for their consent thereto, shall be mailed by the Corporation to Bondholders. Such Supplemental Indenture shall not be effective unless and until there shall have been filed with the Trustee (a) the written consent of the Insurer, (b) the written consents of holders of the percentages of Outstanding Bonds specified in Section 902, and (c) a Counsel's Opinion stating that such Supplemental Indenture has been duly and lawfully adopted and filed by the Corporation in accordance with the provisions of this Indenture, is authorized or permitted hereby and is valid and binding upon the Corporation and enforceable in accordance with its terms, and (ii) a notice shall have been mailed as hereinafter provided in this Section.

(B) The consent of a Bondholder to any modification or amendment shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given, which proof shall be such as is permitted by Section 1114. A certificate or certificates by the Trustee filed with the Trustee that it has examined such proof and that such proof is sufficient in accordance with Section 1114 shall be conclusive that the consents have been given by the holders of the Bonds described in such certificate or certificates of the Trustee. Any such

consent shall be binding upon the holder of the Bonds giving such consent and upon any subsequent holder of such Bonds and of any Bonds issued in exchange therefor (regardless of whether such subsequent holder thereof has notice thereof) unless such consent is revoked in writing by the holder of such Bonds giving such consent or a subsequent holder thereof by filing with the Trustee, prior to the time when the written statement of the Trustee hereinafter provided for in this Section is filed, such revocation and, if such Bonds are transferable by delivery, proof that such Bonds are held by the signer of such revocation in the manner permitted by Section 1114. The fact that a consent has not been revoked may likewise be proved by a certificate of the Trustee filed with the Trustee to the effect that no revocation thereof is on file with the Trustee.

(C) At any time after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Corporation and the Trustee a written statement that the holders of such required percentages of Bonds have filed such consents. Such written statement shall be conclusive that such consents have been so filed. At any time thereafter notice, stating in substance that the Supplemental Indenture adopted by the Corporation on a stated date, a copy of which is on file with the Trustee, has been consented to by the holders of the required percentages of Bonds and will be effective as provided in this Section, may be given to Bondholders by the Corporation by mailing such notice to Bondholders at least once not more than ninety days after the holders of the required percentages of Bonds shall have filed their consents to the Supplemental Indenture and the written statement of the Trustee hereinabove provided for is filed. The Corporation shall file with the Trustee proof of the publication of such notice and, if the same shall have been mailed to Bondholders, of the mailing thereof. A record, consisting of the papers required or permitted by this Section to be filed with the Trustee, shall be proof of the matters therein stated. Such Supplemental Indenture making such amendment or modification shall be deemed conclusively binding upon the Corporation, the Fiduciaries and the holders of all Bonds at the expiration of forty days after the filing with the Trustee of the proof of the first publication of such last mentioned notice, except in the event of a final decree of a court of competent jurisdiction setting aside such Supplemental Indenture in a legal action or equitable proceeding for purpose commenced within such forty day period; except that any Fiduciary and the Corporation during such forty day period and any such further period during which any such action or proceeding may be pending shall be entitled in their absolute discretion to take such action, or to refrain from taking such action, with respect to such Supplemental Indenture as they may deem expedient.

Section 1004 - Modifications by Unanimous Consent. The terms and provisions of this Indenture and the rights and obligations of the corporation and of the holders of the Bonds may be modified or amended in any respect upon the adoption and filing by the Corporation of a Supplemental Indenture and the consent of the Insurer and of holders of all the Bonds then Outstanding, such consent to be given as provided in

Section 903 except that no notice to Bondholders either by mailing or publication shall be required; but no such modification or amendment shall change or modify any of the rights or obligations of any Fiduciary unless there shall have been filed with the Trustee such Fiduciary's written assent thereto in addition to the consent of the Bondholders.

Section 1005 - Exclusion of Bonds. Bonds owned or held by or for the account of the Corporation shall not be deemed Outstanding for the purpose of consent or other action or any calculation of Outstanding Bonds provided for in this Article, and the Corporation shall not be entitled with respect to such Bonds to give any consent or take any other action provided for in this Article. At the time of any consent or other action taken under this Article, the Corporation shall furnish the Trustee a Certificate of an Authorized Officer of the Corporation, upon which the Trustee may rely, describing all Bonds so to be excluded.

Section 1006 - Notation on Bonds. Bonds authenticated and delivered after the effective date of any action taken as in Article VIII or this Article provided may, and, if the Corporation so determines, shall, bear a notation by endorsement or otherwise in form approved by the Corporation and the Trustee as to such action, and in that case upon demand of the holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the principal office of the Trustee or upon any transfer or exchange of any Bond Outstanding at such effective date, suitable notation shall be made on such Bond or upon any Bond issued upon any such transfer or exchange by the Trustee as to any such action. If the Corporation or the Trustee shall so determine, new Bonds so modified as in the opinion of the Trustee and the Corporation to conform to such action shall be prepared, authenticated and delivered, and upon demand of the holder of any Bond then Outstanding shall be exchanged, without cost to such Bondholder, for Bonds of the same Series and maturity then Outstanding, upon surrender of such Bonds with all unpaid coupons, if any, appertaining thereto.

ARTICLE XI DEFAULTS AND REMEDIES

Section 1101 - Trustee to Exercise Powers of Statutory Trustee. The Trustee shall be and hereby is vested with all of the rights, powers and duties of a trustee permitted to be appointed by the Corporation pursuant to Section 14.42.230 of the Act.

Section 1102 - Events of Default. Each of the following events is hereby declared an "Event of Default", that is to say if:

- (1) the Corporation shall default in the payment of the principal or Redemption Price, if any, of any Bond when and as the same shall become due, whether at maturity or upon call for redemption or otherwise;

(2) payment of any installment of interest on any of the Bonds shall not be made by the Corporation when the same shall become due;

(3) the Corporation shall fail or refuse to comply with the provisions of this Indenture, or shall default in the performance or observance of any of the covenants, agreements or conditions on its part contained herein or in the Bonds, and such failure, refusal or default shall continue for a period of forty-five days after written notice thereof by the Trustee, the Insurer, or the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds;

(4) the Corporation shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due, or shall take any corporate action to authorize any of the foregoing;

(5) an involuntary case or other proceeding shall be commenced against the Corporation seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding shall remain undismissed or unstayed for a period of 60 days; or an order for relief shall be entered against the Corporation under the Federal bankruptcy laws as now or hereafter in effect; and

(6) there shall have occurred an event of default under the Insurance Agreement.

The Trustee shall be deemed to have actual knowledge of an Event of Default described in (4), (5), or (6) above only upon receipt by an Authorized Officer of the Trustee of a written notice thereof.

Section 1103 - Remedies. (A) Upon the happening and continuance of any Event of Default specified in paragraph (1), (2) or (3) of Section 1002 as to which the Trustee has knowledge, the Trustee, with the consent, or at the direction, of the Insurer, shall proceed, or upon the happening and continuance of any Event of Default specified in paragraph (4), (5), or (6) of Section 1002 as to which the Trustee has knowledge, the

Trustee may proceed with the consent of the Insurer, and upon the direction of the Insurer or the written request of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds with the consent of the Insurer, shall proceed, in its own name, subject to the provisions of Section 1103, to protect and enforce its rights and the rights of the Bondholders by such of the following remedies as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights:

(1) by mandamus or other suit, action or proceeding at law or in equity, to enforce all of the Bondholders' rights, including the right of the Trustee on behalf of the Bondholders to receive and collect all Pledged Receipts and to require the Corporation to carry out any other covenant or agreement with Bondholders and to perform its duties under the Act;

(2) by bringing suit upon the Bonds;

(3) by action or suit in equity, to require the Corporation to account as if it were the trustee of an express trust for the owners of the Bonds and then take such action with respect to the Pledged Loans and related documents as the Trustee shall deem necessary or appropriate and in the best interest of the Bondholders, subject to the terms of the Pledged Loans and related documents, including the sale of part or all of the Pledged Loans;

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of the Bonds; or

(5) by declaring all Bonds due and payable, and if all defaults shall be made good, then, with the written consent of the holders of not less than twenty-five per centum (25%) in principal amount of the Outstanding Bonds and the Insurer, by annulling such declaration and its consequences.

(B) In the enforcement of any rights and remedies under this Indenture, the Trustee shall be entitled to sue for, enforce payment of and receive any and all amounts then or during any default becoming, and at any time remaining, due from the Corporation for principal, Redemption Price, Program Expenses, interest or otherwise, under any provision of this Indenture or of the Bonds, and unpaid, with interest on overdue payments at the rate or rates of interest specified in such Bonds, together with any and all costs and expenses of collection and of all proceedings hereunder and under such Bonds, without prejudice to any other right or remedy of the Trustee, the Insurer, or the Bondholders, and to recover and enforce a judgment or decree against the Corporation for any portion of such amounts remaining unpaid, with interest, costs and expenses, and to collect from any moneys available for such purpose, in any manner provided by law, the moneys adjudged or decreed to be payable.

Section 1104 - Priority of Payments After Default. (A) In the event that upon the happening and continuance of any Event of Default, the funds held by the Trustee and Paying Agents shall be insufficient for the payment of principal or Redemption Price, if any, of and interest then due on the Bonds, such funds and any other moneys received or collected by the Trustee acting pursuant to the Act and this Article, after making provision for the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the holders of the Bonds and for the payment of the charges and expenses and liabilities incurred and advances made by the Trustee or any Paying Agents in the performance of their respective duties under this Indenture, shall be applied as follows:

(1) Unless the principal of all of the Bonds shall have come or have been declared due and payable, the Trustee shall make the following payments in the following order of priority:

FIRST: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment, then to the payment thereof ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates and, if the amounts available shall not be sufficient to pay in full all the Bonds due on any date, then to the payment thereof ratably, according to the amounts of principal or Redemption Price, if any, due on such date, to the persons entitled thereto, without any discrimination or preference.

THIRD: To the payment to the Insurer of all amounts due under the Insurance Agreement.

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, the Trustee shall make the following payments in the following order of priority: to the payment of the principal and interest then due and unpaid upon the Bonds without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference except as to any difference in the respective rates of interest specified in the Bonds.

(B) Whenever moneys are to be applied by the Trustee pursuant to the provisions of this Section, such moneys shall be applied by the Trustee at such times, and from time to time, as the Trustee in its sole discretion shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional money becoming available for such application in the future; the deposit of such moneys with the Paying Agents, or otherwise setting aside such moneys in trust for the proper purpose, shall constitute proper application by the Trustee; and the Trustee shall incur no liability whatsoever to the Corporation, to any Bondholder or to any other person for any delay in applying any such moneys, so long as the Trustee acts with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Indenture as may be applicable at the time of application by the Trustee. Whenever the Trustee shall exercise such discretion in applying such moneys, it shall fix the date (which shall be an Interest Payment Date unless the Trustee shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such date shall cease to accrue. The Trustee shall give such notice as it may deem appropriate for the fixing of any such date. The Trustee shall not be required to make payment to the holder of any unpaid coupon or any Bond unless such coupon or Bond shall be presented to the Trustee for appropriate endorsement or cancellation.

Section 1105 - Termination of Proceedings. In case any proceedings taken by the Trustee with respect to an Event of Default shall have been discontinued or abandoned for any reason, then in every such case, but only with the consent of the Insurer, the Corporation, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the Trustee shall continue as though no such proceeding had been taken.

Section 1106 - Insurer's Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Insurer shall have the right to direct the method of conducting all remedial proceedings to be taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions of this Indenture.

Section 1107 - Limitation on Rights of Bondholders. (A) No holder of any Bond shall have any right to institute any suit, action, mandamus or other proceeding in equity or at law hereunder, or for the protection or enforcement of any right under this Indenture or any right under law unless (i) such holder shall have given to the Trustee written notice of the Event of Default or breach of duty on account of which such suit, action or proceeding is to be taken, (ii) the holders of not less than twenty-five per centum (25%) in principal amount of the Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have occurred, and shall have afforded the Trustee a

reasonable opportunity either to proceed to exercise the powers herein granted or granted under the law or to institute such action, suit or proceeding in its name, (iii) the Insurer shall have given its consent, and (iv) there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers under this Indenture or for any other remedy hereunder or under law. It is understood and intended that no one or more holders of the Bonds hereby secured shall have any right in any manner whatever by their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under law with respect to the Bonds or this Indenture, except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all holders of the Outstanding Bonds. Nothing in this Article contained shall affect or impair the right of any Bondholder to enforce the payment of the principal or Redemption Price, if any, of and interest on such Bondholder's Bonds, or the obligation of the Corporation to pay the principal or Redemption Price, if any, of and interest on each Bond issued hereunder to the holder thereof at the time and place in said Bond expressed.

(B) Notwithstanding anything to the contrary contained in this Section, or any other provision of this Indenture, each holder of any Bond by such holder's acceptance thereof shall be deemed to have agreed that any court in its discretion may require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the reasonable costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in any such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this paragraph shall not apply to any suit instituted by the Trustee, to any suit instituted by any Bondholder, or group of Bondholders, holding at least twenty-five per centum (25%) in principal amount of the Bonds Outstanding, or to any suit instituted by any Bondholder for the enforcement of the payment of the principal or Redemption Price of or interest on any Bond on or after the respective due date thereof expressed in such Bond.

Section 1108 - Possession of Bonds by Trustee Not Required. All rights of action under this Indenture or under any of the Bonds, enforceable by the Trustee, may be enforced by it without the possession of any of the Bonds or the production thereof on the trial or other proceeding relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the benefit of all the holders of such Bonds, subject to the provisions of this Indenture.

Section 1109 - Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee, the Insurer, or the holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 1110 - No Waiver of Default. No delay or omission of the Trustee, the Insurer, or any holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee and the holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 1111 - Notice to Bondholders. The Trustee shall give to the Bondholders and the Insurer notice of each Event of Default hereunder known to the Trustee within ninety days after knowledge of the occurrence thereof, unless such Event of Default shall have been remedied or cured before the giving of such notice. Each such notice shall be given by the Trustee by mailing written notice thereof to the Insurer and to all registered holders of Bonds, as the names and addresses of such holders appear upon the books for registration and transfer of Bonds as kept by the Trustee purpose and to such other persons as is required by law.

ARTICLE XII CONCERNING THE FIDUCIARIES

Section 1201 - Trustee. U.S. Bank National Association, a national banking association doing business and having a corporate trust office in Seattle, Washington, is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing the certificate of authentication endorsed upon the Bonds, and, by executing such certificate upon any Bond, the Trustee shall be deemed to have accepted such duties and obligations not only with respect to the Bond so authenticated, but with respect to all the Bonds; but only, however, upon the terms and conditions set forth in this Indenture.

Section 1202 - Appointment and Acceptance of Duties of Paying Agents. (A) The Corporation hereby appoints the Trustee as Paying Agent for the Bonds.

(B) The Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by written instrument of acceptance executed and delivered to the Corporation and the Trustee.

(C) The office of the Paying Agent at 60 Livingston Avenue, St. Paul, Minnesota 55107, is hereby designated as the agency of the Corporation for the

payment of the interest on and principal or Redemption Price of the Bonds. Said agency may be changed at any time by a writing filed by the Paying Agent with the Trustee and the Corporation.

Section 1203 - Responsibility of Fiduciaries. (A) The recitals of fact herein and in the Bonds contained shall be taken as the statements of the Corporation and no Fiduciary assumes any responsibility for the correctness of the same. No Fiduciary makes any representations as to the validity or sufficiency of this Indenture or of any Bonds issued hereunder or in respect of the security afforded by this Indenture or the Trust Estate, and no Fiduciary shall incur any responsibility in respect thereof. The Trustee shall, however, be responsible for its representation contained in its certificate on the Bonds. No Fiduciary shall be under any responsibility or duty with respect to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would involve it in expense or liability or to institute or defend any suit in respect hereof, or to advance any of its own moneys, unless indemnified to its satisfaction. No Fiduciary shall be liable in connection with the performance of its duties hereunder except for its own negligence or misconduct. Neither the Trustee nor any Paying Agent shall be under any responsibility or duty with respect to the application of any moneys paid to any one of the others or the use or application by the Corporation of the Bonds or the proceeds thereof.

(B) Except during the continuance of an Event of Default, the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee, and, in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinion expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(C) In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(D) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own misconduct, except that (1) the Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts, (2) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee,

under this Indenture, and (3) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Except as otherwise expressly provided herein, the Trustee shall determine whether any conditions or requirements set forth herein for any purpose have been met, and such determination by the Trustee shall be conclusive.

(E) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Bondholders pursuant to this Indenture, unless such Bondholders shall have offered to the Trustee security or indemnity to its satisfaction against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

(F) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document.

(G) The Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys, and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

(H) RESERVED

(I) The permissive right of the Trustee to do things enumerated in this Indenture shall not be construed as a duty.

(J) In accepting the trusts hereby created, the Trustee acts solely as Trustee for the Bondholders and not in its individual capacity and all persons, including, without limitation, the Bondholders and the Corporation having any claim against the Trustee arising from this Indenture shall look only to the funds and accounts held by the Trustee or its agent hereunder for payment except as otherwise provided herein. Under no circumstances shall the Trustee be liable in its individual capacity for the obligations evidenced by the Bonds.

(K) The Trustee shall not be responsible for the validity or effectiveness of any collateral given to or held by it. The Trustee shall not be responsible for the recording or filing of any document relating to this Indenture or of financing statements (or continuation statements in connection therewith) or of any supplemental instruments

or documents or further assurance as may be required by law in order to perfect the security interests in any collateral given to or held by it.

(L) If, as a result of the occurrence of an Event of Default, the Corporation or the Trustee employs attorneys or incurs other fees and expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Corporation, the Corporation will, on demand, reimburse the Trustee for the reasonable fees of such attorneys and such other reasonable fees and expenses so incurred; provided, however, that amounts in the Trust Estate shall first be applied as provided in Section 1004.

(M) In no event shall the Trustee be responsible for and it makes no representations or warranty, express or implied, with respect to, compliance with the Act, the servicing of the Pledged Loans, or the sufficiency of the promissory notes or other instruments or documentation related thereto.

(N) The Trustee's rights to indemnification and payment of its fees, expenses, losses and liabilities shall survive its resignation or removal and final payment of the Bonds.

(O) The Trustee makes no representation as to the correctness or completeness of any information contained in any offering material pertaining to the Bonds.

Section 1204 - Evidence on Which Fiduciaries May Act. Each Fiduciary may rely and shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed by it to be genuine, and to have been signed or presented by the proper party or parties. Each Fiduciary may consult with counsel, who may or may not be of counsel to the Corporation, and the opinion of such shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it hereunder in good faith and in reliance thereon. Whenever any Fiduciary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering or omitting any action hereunder, including payment of moneys out of any Fund or Account, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate signed by an Authorized Officer, and such Certificate shall be full warrant for any action taken or suffered in good faith under the provisions of this Indenture upon the faith thereof, but in its discretion the Fiduciary may in lieu thereof accept other evidence of such fact or matter or may require such further or additional evidence as to it may seem reasonable. Except as otherwise expressly provided herein, any request, order, notice or other direction required or permitted to be furnished pursuant to any provision hereof by the

Corporation to any Fiduciary shall be sufficient executed if executed in the name of the Corporation by an Authorized Officer.

Section 1205 - Compensation. The Corporation shall pay to the Trustee and to each Paying Agent from time to time reasonable compensation for all services rendered under this Indenture, and also all reasonable fees, expenses, charges, counsel fees and other disbursements, including those of their attorneys, agents and employees, incurred in and about the performance of their powers and duties under this Indenture, and the Trustee and each Paying Agent shall have a lien therefor on any and all funds at any time held by it under this Indenture. The Corporation further agrees to indemnify and save the Trustee and each Paying Agent harmless against any liabilities, losses, expenses, and advances which it may incur in the exercise and performance of its powers and duties hereunder, which are not due to its negligence or willful misconduct.

Section 1206 - Permitted Acts and Functions. The Trustee and any Paying Agent may become the owner of any Bonds and coupons, with the same rights it should have if it were not such Trustee or Paying Agent. The Trustee and any Paying Agent may act as Depositary for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or to effect or aid in any reorganization growing out of the enforcement of the Bonds or this Indenture, regardless of whether any such committee shall represent the holders of a majority in principal amount of the Bonds then Outstanding.

Section 1207 - Resignation of Trustee. The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than ninety days written notice to the Corporation, the Insurer, and the registered owners of the Bonds, specifying the date when such resignation shall take effect. Notwithstanding any of the foregoing, no resignation of the Trustee shall be effective until a successor has been appointed.

Section 1208 - Removal of Trustee. The Trustee shall be removed by the Corporation if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Corporation, and signed by the Insurer and the holders of a majority in principal amount of the Bonds then Outstanding or their attorneys-in-fact duly authorized, excluding any Bonds held by or for the account of the Corporation. The Corporation may remove the Trustee at any time, except during the existence of an Event of Default, for such cause as shall be determined in the sole discretion of the Corporation by filing with the Trustee an instrument signed by the Insurer and an Authorized Officer of the Corporation.

Section 1209 - Appointment of Successor Trustee. (A) In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall

be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Corporation covenants and agrees that it will thereupon appoint a successor Trustee acceptable to the Insurer. The Corporation shall provide written notice of such appointment to the registered owners of the Bonds within twenty days after such appointment.

(B) If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section within forty-five days after the Trustee shall have given to the Corporation written notice, as provided in Section 1107, or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee or the holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

(C) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank in good standing having the powers of a trust company within or outside the State and subject to examination by federal or state authority, having a capital and surplus aggregating at least Seventy-Five Million Dollars (\$75,000,000) if there be such a trust company or bank willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 1210 - Transfer of Rights and Property to Successor Trustee. Any successor Trustee appointed under this Indenture, shall execute, acknowledge and deliver to its predecessor Trustee, and also to the Corporation, an instrument accepting such appointment, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become fully vested with all moneys, estates, properties, rights, powers, duties and obligations of such predecessor Trustee, with like effect as if originally named as Trustee; but the Trustee ceasing to act shall nevertheless, on the request of the Corporation, or of the successor Trustee, execute, acknowledge and deliver such instruments of conveyance and further assurance and do such other things as may reasonable be required for more fully and certainly vesting and confirming in such successor Trustee all the right, title and interest of the predecessor Trustee in and to any property held by it under this Indenture, and shall pay over, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Should any deed, conveyance or instrument in writing from the Corporation be required by such successor Trustee for more fully and certainly vesting in and confirming to such successor Trustee any such estates, rights, powers and duties, any and all such deeds, conveyances and instruments in writing shall, on request, and so far as may be authorized by law, be executed, acknowledged and delivered by the Corporation. Any such successor Trustee shall promptly notify the

Paying Agents of its appointment as Trustee. The Corporation shall pay the expenses of effecting a transfer under this Section.

Section 1211 - Merger or Consolidation. Any company into which any Fiduciary may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which any Fiduciary may sell or transfer all or substantially all of its corporate trust business, provided such company shall be a trust company or bank which is qualified to be a successor to such Fiduciary under Section 1110 or Section 1113 and shall be authorized by law to perform all the duties imposed upon it by this Indenture, shall be the successor to such Fiduciary without the execution or filing of any paper or the performance of any further act, anything herein to the contrary notwithstanding.

Section 1212 - Adoption of Authentication. In case any of the Bonds contemplated to be issued under this Indenture shall have been authenticated but not delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee so authenticating such Bonds and deliver such Bonds so authenticated, and in case any of the said Bonds shall not have been authenticated, any successor Trustee may authenticate such Bonds in the name of the successor Trustee, and in all such cases such certificate shall have the full force which it is anywhere in said Bonds or in this Indenture provided that the certificate of the Trustee shall have.

Section 1213 - Resignation or Removal of the Paying Agent and Appointment of Successor. (A) The Paying Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least sixty days written notice to the Corporation and Trustee. Any Paying Agent may be removed at any time by an instrument filed with such Paying Agent and the Trustee and signed by an Authorized Officer of the Corporation. Any successor Paying Agent shall be appointed by the Corporation and shall be a trust company or bank having the powers of a trust company, having a capital and surplus aggregating at least Three Million Dollars (\$3,000,000), and willing and able to accept the office of Paying Agent on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

(B) In the event of the resignation or removal of a Paying Agent, such Paying Agent shall pay over, assign and deliver any moneys held by it to its successor, or if there be no successor then appointed, to the Trustee until such successor be appointed.

Section 1214 - Evidence of Signatures of Bondholders and Ownership of Bonds. (A) Any request, consent or other instrument which this Indenture may require or

permit to be signed and executed by the Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys appointed in writing. Proof of (i) the execution of any such instrument, or of an instrument appointing any such attorney, or (ii) the ownership by any person of the Bonds shall be sufficient for any purpose of this Indenture (except as otherwise herein expressly provided) if made in the following manner, but the Trustee may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or such Bondholder's attorney of such instrument may be proved by the certificate, which need not be acknowledged or verified, of an officer of a bank or trust company satisfactory to the Trustee or of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which such notary public or other officer purports to act, that the person signing such request or other instrument acknowledged to such notary public or other officer the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer. The authority of the person or persons executing any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or a vice president of such corporation with a corporate seal affixed and attested by a person purporting to be its secretary or an assistant secretary;

(2) The amount of Bonds transferable by delivery held by any person executing such request or other instrument as a Bondholder, and the numbers and other identification thereof, and the date of his holding such Bonds, may be proved by a certificate, which need not be acknowledged or verified, satisfactory to the Trustee, executed by an officer of a trust company, bank, financial institution or other depository or member of the National Association of Securities Dealers, Inc. wherever situated, showing that at the date therein mentioned such person exhibited to such officer or had on deposit with such depository the Bonds described in such certificate. Continued ownership after the date stated in such certificate may be proved by the presentation of such certificate if the certificate contains a statement by such officer that the depository held that Bonds therein referred to on the date of the certificate and that they will not be surrendered without the surrender of the certificate to the depository, except with the consent of the Trustee, and a certificate of the Trustee, which need not be acknowledged or verified, that such consent has not been given.

(B) Except in the case of Bonds transferable by delivery only, the ownership of Bonds and the amount, numbers and other identification, and date of holding the

same shall be proved by the registry books. Any request, consent or vote of the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Corporation or any Fiduciary in accordance therewith.

Section 1215 - Preservation and Inspection of Documents. All documents received by any Fiduciary under the provisions of this Indenture shall be retained in its possession until six (6) years after the final payment of principal of the Bonds becomes due and payable and shall be subject at all reasonable times to the inspection of the Corporation, any other Fiduciary and any Bondholder and their agents and their representatives, any of whom may make copies thereof.

Section 1216 - Power to Appoint Co-Trustee. (A) At any time after an Event of Default, if necessary to meet the legal requirements of any applicable jurisdiction, the Trustee shall have power to appoint one or more co-trustees under this Indenture, with such powers as may be provided in the instrument of appointment, and to vest in such person or persons any property, title, right or power deemed necessary or desirable, subject to the remaining provisions of this Section.

(B) Each co-trustee shall, to the extent permitted by applicable law, be appointed subject to the following terms:

(i) The Bonds shall be authenticated and delivered solely by the Trustee, and all rights, powers, duties and obligations hereunder in respect of the custody of Investment Securities, cash and other personal property held by, or required to be deposited or pledged with, the Trustee hereunder shall be exercised solely by the Trustee.

(ii) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and co-trustee jointly, as shall be provided in the instrument appointing such co-trustee, except to the extent that, under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised by such co-trustee.

(iii) The Trustee may at any time, by an instrument in writing executed by it, accept the resignation of or remove any co-trustee appointed under this Section.

(iv) No power given to any co-trustee shall be separately exercised hereunder by such co-trustee except with the consent in writing of the Trustee, anything contained in this Section to the contrary notwithstanding.

(C) Should any written instrument from the Corporation be required by any co-trustee so appointed for more fully confirming to such co-trustee such rights, powers, duties and obligations, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Corporation forthwith.

(D) The rights, powers and duties of the Corporation with respect to any co-trustee shall be the same as its rights, powers and duties with respect to the Trustee.

ARTICLE XIII MISCELLANEOUS

Section 1301 - Defeasance. (A) If the Corporation shall pay or cause to be paid to the holders of the Bonds, the principal and interest and Redemption Price, if any, to become due thereon, at the times and in the manner stipulated therein and in this Indenture, and also shall pay or cause to be paid all other sums payable hereunder by the Corporation, including any amounts payable to the United States and any amounts payable to the Insurer, then the pledge of any revenues and assets hereby pledged and all other rights granted hereby shall, at the election of the Corporation (evidenced by a certificate of an Authorized Officer filed with the Trustee, signifying the intention of the Corporation to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, be discharged and satisfied. In such event, the Trustee shall, upon the written request of the Corporation, execute and deliver to the Corporation all such instruments as may be desirable to evidence such discharge and satisfaction, and the Fiduciaries shall pay over or deliver to the Corporation all moneys or securities held by them pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

(B) If funds shall have been set aside and shall be held in trust by Fiduciaries for the payment of principal, interest and Redemption Price (through deposit by the Corporation of funds for such payment or redemption or otherwise) at the maturity or upon the date upon which such Bonds have been duly called for redemption thereof and if the Insurer gives its consent, such Bonds shall be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section. All Outstanding Bonds shall, prior to the maturity or redemption date thereof, be deemed to have been paid within the meaning and with the effect expressed in subsection (A) of this Section if (i) in case any of said Bonds are to be redeemed on any date prior to their maturity, the Corporation shall have given to the Trustee in form satisfactory to it irrevocable instructions to publish as provided in Article VI notice of redemption on said

date of such Bonds, (ii) there shall have been deposited with the Trustee either funds in an amount which shall be sufficient, or Defeasance Securities which are not subject to redemption prior to the dates on which amounts will be needed to make payments on the Bonds defeased and the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient in the opinion of an Accountant delivered to the Trustee, to pay when due the principal or Redemption Price, if any, and interest due and to become due on said Bonds on any date prior to the redemption date or maturity date thereof, as the case may be, (iii) in the event said Bonds are not by their terms subject to redemption within the next succeeding sixty days, the Corporation shall have given the Trustee in form satisfactory to it irrevocable instructions to mail a notice to the holders of such Bonds that the deposit required by (ii) above has been made with the Trustee and that said Bonds are deemed to have been paid in accordance with this Section and stating such maturity or redemption date upon which moneys are to be available for the payment of the principal or Redemption Price, if any, of said Bonds and (iv) a Counsel's Opinion stating that all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, the defeasance complies with the terms of this Indenture, and the defeasance will not adversely affect the tax status of the Bonds. Neither Investment Securities or moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such Investment Securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal or Redemption Price, if any, of and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Defeasance Securities maturing at times and in amounts sufficient to pay when due the principal or Redemption Price, if any, and interest to become due on said Bonds on and prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Corporation, as received by the Trustee, free and clear of any trust, lien or pledge.

(C) If, through the deposit of moneys by the Corporation or otherwise, the Fiduciaries shall hold, pursuant to this Indenture, moneys sufficient to pay the principal and interest to maturity on all Outstanding Bonds or to pay, in the case of Bonds in respect of which the Corporation shall have taken all action necessary to redeem prior to maturity, the Redemption Price and interest to such redemption date, then at the written request of the Corporation all moneys held by any Paying Agent shall be paid over to the Trustee and, together with other moneys held by it hereunder, shall be held by the Trustee for the payment or redemption of Outstanding Bonds.

(D) Anything in this Indenture to the contrary notwithstanding, any moneys held by a Fiduciary in trust for the payment and discharge of any of the Bonds which remain unclaimed for one year after the date when all of the Bonds have become due

and payable, either at their stated maturity dates or by call for earlier redemption, if such moneys were held by the Fiduciary at such date, or for one year after the date of deposit of such moneys if deposited with the Fiduciary after the said date when all of the Bonds became due and payable, shall be repaid by the Fiduciary to the Corporation, as its absolute property and free from trust, and the Fiduciary shall thereupon be released and discharged.

Section 1302 - Moneys Held for Particular Bonds. The amounts held by any Fiduciary for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the holders of the Bonds entitled thereto. If any such amount remains unclaimed for a period of one year after such date, the Trustee shall pay over such amount to the Corporation.

Section 1303 - No Recourse Under Indenture or on Bonds. All covenants, stipulations, promises, agreements and obligations of the Corporation contained in this Indenture shall be deemed to be the covenants, stipulation, promises, agreements and obligations of the Corporation and not of any member, officer or employee of the Corporation in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or on this Indenture against any member, officer or employee of the Corporation or any natural person executing the Bonds.

Section 1304 - Notices to Rating Agencies. The Trustee shall give prompt notice to the Rating Agencies of the resignation of the Trustee or the appointment of any successor Trustee pursuant to section 1109, of any amendment to or modification of this Indenture pursuant to Article IX, of the execution of any Supplemental Indenture pursuant to Article VIII, of any withdrawal, sale, assignment or other dispositions of Pledged Loans pursuant to Section 507, of any modifications to Pledged Loans pursuant to Section 706 or when there are no longer any Bonds remaining Outstanding. All notices to a Rating Agency hereunder shall be sent by first class mail to the address provided to the Trustee by such Rating Agency.

Section 1305 - Conflict. All resolutions or parts of resolutions or other proceedings of this Corporation in conflict herewith be and the same are repealed insofar as such conflict exists.

Section 1306 - Governing Law. This Indenture and the Bonds shall be construed in accordance with, and governed by, the laws of the State of Alaska.

Section 1307 - Effective Date. This Indenture shall take effect immediately upon its execution.

IN WITNESS WHEREOF, ALASKA STUDENT LOAN CORPORATION has caused this Indenture to be executed by its Executive Officer and U.S. BANK NATIONAL ASSOCIATION has caused this Indenture to be executed by its Assistant Vice President, all as of the day and year first above written.

ALASKA STUDENT LOAN CORPORATION

By 
DIANE BARRANS
Executive Officer

U.S. BANK NATIONAL ASSOCIATION, AS
TRUSTEE

By 
GREG E. SKUTNIK
Assistant Vice President

EXHIBIT A

CUSTODIAN/DEPOSITARY/SERVICING AGREEMENT

CUSTODIAN/DEPOSITARY/SERVICING AGREEMENT

WHEREAS, Alaska Student Loan Corporation (the "Corporation") and U.S. Bank National Association (the "Trustee") have entered into an Indenture dated as of February 1, 2004 (the "Indenture") pursuant to which the Corporation intends to issue its Capital Project Revenue Bonds, 2004 Series A (the "Bonds"); and

WHEREAS, the Corporation has financed certain education loans (the "Financed Loans"), which are held in an Education Loan Fund created under an Indenture dated June 1, 2002, (the "Prior Indenture") between the Corporation and Zions First National Bank; and

WHEREAS, the Corporation has determined to release from the lien and encumbrance of the Prior Indenture certain Financed Loans which it will deposit in the Pledged Loans Fund created in the Indenture and which, together with any other loans or other assets deposited in said Pledged Loans Fund, will be pledged as security for the Bonds (all said loans at any time held in the said Pledged Loans Account, the "Pledged Loans"); and

WHEREAS, the Corporation desires that the Alaska Commission on Postsecondary Education, as servicer and custodian, hold the Pledged Loans in trust for the benefit of the Trustee and perform other functions with respect to the Pledged Loans as set forth herein; and

WHEREAS, pursuant to the Indenture, the Corporation has granted to the Trustee, and its successors and assigns, a security interest in, among other things, the promissory notes and certain other documents relating to the Pledged Loans as security; and

WHEREAS, the Corporation further desires that the State of Alaska, acting through its Department of Revenue and as the agent of the Trustee, receive and hold in custody payments from the borrowers of the Pledged Loans and transfer such payments to the Trustee at the time and in the manner directed by the Corporation or the Trustee, all as further set forth herein; and

WHEREAS, the Corporation hereby directs the Trustee to enter into this Custodian/Depositary/Servicing Agreement; and

NOW, THEREFORE, the Corporation, the Trustee, the State, acting through its Department of Revenue, and the Commission hereby agree as follows:

SECTION 1. DEFINITIONS. As used herein, the following terms shall have the following meanings:

"Agreement" shall mean this Custodian/Depository/Servicing Agreement dated as of March 1, 2004, as amended and supplemented from time to time.

"Commission" shall mean the Alaska Commission on Postsecondary Education created by AS 14.42.015.

"Corporation" shall mean the Alaska Student Loan Corporation, a public corporation organized and existing under the laws of the State of Alaska, and any successor to its functions.

"Custodian" shall mean the Alaska Commission on Postsecondary Education.

"Department of Revenue" shall mean the Department of Revenue of the State of Alaska.

"Depository" shall mean the State of Alaska, acting through its Department of Revenue.

"Indenture" shall mean the Indenture dated as of February 1, 2004, by and between the Corporation and the Trustee, including exhibits thereto and all amendments thereto.

"Pledged Loans" shall mean loans held at any time in the Pledged Loan Fund created in the Indenture.

"Prior Indenture" shall mean that indenture entered into between the Corporation and Zions First National Bank, dated as of June 1, 2002, and all supplemental and amending indentures thereto.

"Prior Trustee" shall mean Zions First National Bank, as Trustee under the Prior Indenture and its successors or assigns.

"Servicer" shall mean the Alaska Commission on Postsecondary Education.

"Trustee" shall mean U.S. Bank National Association and its successors or assigns.

All other terms not otherwise defined herein shall have the meaning set forth therefor in the Indenture.

SECTION 2. SERVICING AND CUSTODY OF PLEDGED LOANS BY COMMISSION; INFORMATION REGARDING PLEDGED LOANS. (A) The Corporation and the Trustee hereby appoint the Custodian as the Trustee's agent solely to take possession and custody of the Pledged Loans and the proceeds thereof in accordance with the terms of this Agreement. The Custodian hereby accepts said appointment and acknowledges receipt of notice of the security interest held by the Trustee on the Pledged Loans.

(B) The Commission agrees to act as Servicer and as Custodian of the Pledged Loans and, in such capacity, shall hold the original notes evidencing the Pledged Loans in a safe place on its premises in trust for the benefit of the Trustee and, further, shall maintain complete and current accounting records with respect to each of the Pledged Loans, including, but not limited to, the name and other identifying information of each obligor of a Pledged Loan, the principal amount of each Pledged Loan awarded to the obligor, the current principal balance of each Pledged Loan, and the payment status of each Pledged Loan. The Commission agrees to service all Pledged Loans in a prudent and diligent manner and in compliance with all applicable required law and regulations, including the AlaskAdvantage™ Programs, and any other state or federal law applicable to such Pledged Loans.

(C) RESERVED

(D) The Custodian shall at all times maintain records indicating the borrower name and social security number, original note amount, and date and maturity date, at a minimum, of all Pledged Loans which are delivered to it to hold as Custodian pursuant to this Agreement and indicating that such loans have been pledged under the Indenture.

(E) The Trustee shall not have any responsibility for loss or damage suffered by the Corporation with respect to any Pledged Loan delivered or released pursuant to this Agreement.

(F) The Trustee may rely conclusively on any report, statement or record of the Custodian.

(G) The Trustee may, but shall have no duty to, verify the accuracy or completeness of the Custodian's records or reports.

SECTION 3. NOTICE TO OBLIGORS OF ASSIGNMENT OF INTEREST IN PLEDGED LOANS. The Trustee may mail, and the Commission shall mail upon direction from the Trustee, a notice to each obligor of a Pledged Loan advising such obligor that such Pledged Loan has been pledged as security for the Bonds. In such

notice, the Trustee or the Commission, as the case may be, may also direct such obligor to make loan payments to the agent of the Trustee at the address stated in the notice. The Trustee shall mail, or cause to be mailed, such notice only at such time or times as the Trustee considers necessary to perfect its security interest in any of the Pledged Loans, to assure that payments with respect to each of the Pledged Loans are made in a timely manner or otherwise to protect the interests of the holders of the Bonds.

SECTION 4. PAYMENTS RECEIVED BY CORPORATION. If the Corporation or the Commission receives any payment of, or with respect to, a Pledged Loan, the Corporation or Commission, respectively, shall receive and hold such payment in trust for the Trustee or for the Department of Revenue, as agent of the Trustee, shall exercise no ownership or other rights with respect thereto, and shall remit the same promptly to the Trustee or the Department of Revenue, as agent for the Trustee.

SECTION 5. STATE TO ACT AS AGENT OF TRUSTEE; DELEGATION OF DUTIES. (A) The State, acting through its Department of Revenue, agrees to act as depository and agent of the Trustee for the purpose of receiving all payments of any Pledged Loans and temporarily holding and investing the same in trust for the benefit of the Trustee in accordance with this Agreement and thereafter disbursing such payments, together with investment earnings thereon, to the Trustee in accordance with instructions from the Trustee or the Corporation. The Department of Revenue shall hold and invest Pledged Loan payments, together with all investment earnings thereon, solely on behalf of and for the benefit of the Trustee, shall apply such amounts solely for the purposes and in accordance with the provisions hereof and the Indenture, and shall not mingle such amounts with any moneys or other assets contained in any other account or subaccount of the State of Alaska or any subdivision thereof except the Corporation. All such Pledged Loan payments and investment earnings shall at all times be a part of the Trust Estate.

(B) All Pledged Loan payments received by the Department of Revenue pursuant to (A) or (D) of this Section shall promptly be deposited in the Capital Projects Pledged Loans Fund, which is hereby created as a special trust fund for the benefit of the Trustee to be held in trust by the Department of Revenue as agent of the Trustee. Pending disbursement to the Trustee, the Department of Revenue shall invest and secure amounts held in the Capital Projects Pledged Loans Fund in accordance with Section 8 hereof. The Department of Revenue agrees that, for so long as there is any amount on deposit in the Capital Projects Pledged Loans Fund, it will keep and maintain said fund separate and apart from any other funds or accounts of the State.

(C) The State, acting through its Department of Revenue, may delegate its duty to receive payments of Pledged Loans under (A) of this Section to a financial

institution or another department of State government; provided that (1) any account established with such financial institution or other department of State government shall be a trust account for the benefit of the Trustee (as to which the State, acting through its Department of Revenue, agrees to act as trustee) and shall be clearly designated as such; (2) such financial institution, as the agent of the State, must have the power to act as a trustee and must agree so to act for the benefit of the Trustee with respect to any amounts received by it pursuant to a delegation under this Section 5(C); (3) while any amounts are on deposit in an account created with said financial institution, such financial institution shall invest such amount in accordance with Section 8 hereof; and (4) before making any delegation pursuant to this sentence, the State, acting through its Department of Revenue, shall give notice to the Corporation sufficient to permit the Corporation to provide notice to the Trustee as provided in the next sentence. The Corporation shall provide written notice to the Trustee 30 days before any such change.

(D) The State may provide for payment of any Pledged Loan by an employee of the State of Alaska through a payroll deduction plan provided that the State shall promptly transfer to the Capital Projects Pledged Loans Fund any amounts so deducted from employees' pay checks. The State, acting through its Department of Revenue, agrees that such amounts so deducted shall never be considered property or assets of the State but, rather, are and shall be treated and considered as payments by the individual employees which, upon their receipt by the State, as depository and agent of the Trustee, are part of the Trust Estate.

(E) The Department of Revenue shall provide the Commission and the Trustee with such information that is reasonably available to it as the Commission or the Trustee requires and at such times as the Commission requires so that the Commission is able to satisfy its duties under Section 7(A) hereof.

SECTION 6. RELEASE OF ASSETS. The Department of Revenue, on behalf of the State, and the Commission shall release to the Trustee any or all assets held under this Agreement by the State (or any agent of the State) or the Commission at such time or times as the Trustee shall direct.

SECTION 7. REPORTING AND OTHER ACTIONS. (A) The Commission shall keep true and accurate records of all payments collected and all disbursements made under this Agreement. The Commission shall promptly deliver to the Corporation and to the Trustee all information as either of them may reasonably request from time to time in connection with any amounts held hereunder and, in any event, shall provide the Trustee with a monthly report identifying each of the Pledged Loans which have been paid off since the most recent report. The Department of Revenue shall cause any financial institution described in Section 5(C) to keep copies of all checks and other

evidences of payment received by it pursuant to this Agreement and shall provide the Corporation, the Commission, and the Trustee with reasonable access thereto during normal business hours.

(B) The Commission and the Department of Revenue shall cooperate fully with the Corporation and the Trustee (including, without limitation, by providing the Corporation and the Trustee with access to (1) all books, records, tapes and other information relating to Pledged Loans or any amounts held hereunder and (2) officers and other personnel of the Commission or the Department of Revenue, in each case during the Commission's or the Department of Revenue's, as the case may be, normal business hours and as often as any of them may reasonably be requested) in order to effectuate the transactions contemplated by this Agreement. Provided the Commission or the Department of Revenue is first compensated for its expenses by the Corporation to its satisfaction, the Commission or the Department of Revenue, respectively, shall take such actions and make such inquiries with respect to this subsection as shall be requested by the Corporation or the Trustee.

SECTION 8. INVESTMENTS. (A) All amounts held hereunder by the Department of Revenue shall be invested and reinvested, pending their application herewith, in Investment Securities within the meaning of such term as set forth in the Indenture. Pursuant to the terms of the Indenture, the definition of "Investment Securities" shall be determined by, and may change from time to time with the adoption of, supplements to the Indenture. As of the date hereof, "Investment Securities" is defined by the Indenture to mean

- (i) (a) direct general obligations of, or obligations fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States or any agency or instrumentality thereof, provided such obligations are backed by the full faith and credit of the United States; or (b) FHA debentures, Freddie Mac senior debt obligations, Federal Home Loan Bank consolidated senior debt obligations, Federal Farm Credit Bank consolidated senior debt obligations, and Fannie Mae senior debt obligations, but excluding any of such securities whose terms do not provide for payment of a fixed dollar amount upon maturity or call for redemption;
- (ii) obligations of any of the following federal agencies which obligations represent the full faith and credit of the United States of America:
 - United States Export-Import Bank (Eximbank)
 - Farm Credit System Financial Assistance Corporation
 - Rural Economic Community Development Administration (formerly

- known as Farmers Home Administration)
 - General Services Administration
 - U.S. Maritime Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA's)
 - Federal Housing Administration
 - Federal Financing Bank;
- (iii) U.S. Dollar denominated deposit accounts, federal funds, and bankers' acceptances with domestic commercial banks (including any affiliate of the Trustee) which have a rating on their short term certificates of deposit on the date of purchase of "A-1+" by Standard & Poor's and "P-1" by Moody's and maturing no more than 360 days after the date of purchase (for purposes of this definition, the rating of a holding company shall not be considered the rating of any bank held by such holding company);
- (iv) commercial paper which is rated at the time of purchase "A-1+" by Standard & Poor's and "P-1" by Moody's;
- (v) investments in a money market fund rated "AAAm" or "AAAm-G" or better by Standard & Poor's and "Aaa" by Moody's, including money market funds from which the Trustee or its affiliate derives a fee for investment advisory or other services to the fund;
- (vi) investment agreements, including guaranteed investment contracts, forward purchase agreements, repurchase agreements which exceed 30 days (for repurchase agreements of 30 days or less, see (viii) below) and reserve fund put agreements, each acceptable to the Insurer;
- (vii) general obligations of any state or municipality with a rating of "Aaa" by Moody's and "A" by Standard & Poor's;
- (viii) repurchase agreements for 30 days or less provided that the following criteria are met:
 - (a) the agreement must be between the Corporation, the Trustee, or third party acting as agent for the Corporation or the Trustee, and a dealer bank or securities firm, which may only include:
 - (1) primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's and Moody's, or

(2) Banks rated "A" or above by Standard & Poor's and Moody's;

(b) the written contract must include the following:

(1) securities which are acceptable for transfer are Investment Securities described in (i) or (ii) of this definition;

(2) the term of the agreement may be up to 30 days;

(3) the collateral must be delivered to the Corporation, the Trustee (if the Trustee is not supplying the collateral) or third party acting as agent for the Trustee before or simultaneously with payment;

(4) the securities must be valued weekly, marked-to-market at current market price plus accrued interest; the value of the collateral must be equal to 104% of the amount of cash transferred by the Corporation or the Trustee to the dealer bank or security firm under the agreement plus accrued interest; if the value of the securities held as collateral is, at any time, below 104% of the value of the cash transferred by the Corporation or the Trustee, then additional cash or acceptable securities (as described in (c)(1) of this paragraph) must be transferred; if, however, the securities used as collateral are FNMA or FHLMC obligations, then the value of collateral must equal 105%; and

(c) the Corporation or the Trustee must receive a legal opinion stating that the form of the agreement, which shall be attached to such opinion, meets guidelines under State law for legal investment of public funds; provided, however, that the opinion described in this clause (c) is required to be delivered only on the date of issuance of the Bonds and on the date the Corporation or Trustee enters into a repurchase agreement that is in a form materially different from the form for which an opinion has previously been given pursuant to this clause (c).

(ix) any other investment, investment agreement or guaranteed investment contract approved by Moody's and Standard & Poor's.

(B) Investments under this Section shall mature or be subject to redemption at the option of the holder at such times as will permit the Department of Revenue to transfer amounts to the Trustee at such time or times as the Trustee or the Corporation may direct. Any such investments shall be held by or under the control of the Department of Revenue, in trust, as agent for the Trustee and while so held shall be

a part of the Trust Estate, and the interest accruing thereon and any profit realized from such investments shall be transferred to the Trustee at least monthly for crediting to the Revenue Fund created in the Indenture.

(C) All investments hereunder shall conform to any applicable requirements or limitations of the Indenture. The Department of Revenue agrees that it will comply with the provisions of the Indenture and any Letter of Instructions pertaining to arbitrage or other Federal tax law limitations on the investment of amounts described in this Section.

(D) All amounts held under this Agreement by the Department of Revenue shall be held in trust for the benefit of the Trustee and shall be invested in Investment Securities or continuously and fully secured for the benefit of the Corporation and the holders of the Bonds either (i) by lodging Investment Securities as collateral with the Trustee as custodian, having a market value (exclusive of accrued interest) not less than the amount of such moneys or (ii) in such other manner as may then be required by applicable Federal or State laws and regulations regarding security for, or granting a preference in the case of, the deposit of trust funds; except that it shall not be necessary for the Department of Revenue or any Depositary to give security under this subsection for the deposit of any moneys with them held in trust and set aside by them for the payment of the principal or Redemption Price of or interest on any Bonds. The Department of Revenue shall not be responsible for any losses resulting from the investment of moneys in the funds and accounts created hereunder, so long as such investments are made in accordance with this Agreement. The Trustee shall not be responsible for any losses resulting from the investment of any moneys in the funds and accounts with the State of Alaska acting through the Department of Revenue.

SECTION 9. RESIGNATION OR RELEASE OF STATE OF ALASKA. (A) The State (whether acting through the Department of Revenue or the Commission) or any successor thereto hereunder, may at any time resign by giving notice thereof to the Corporation and the Trustee, provided that no such resignation shall be effective until a successor shall be chosen and shall have assumed the State's duties hereunder by a written instrument satisfactory to the Corporation and the Trustee.

(B) The Corporation, the Trustee, and the Insurer may at any time by joint action release the State or the Commission from its duties hereunder but only if the Corporation, the Trustee, and the Insurer determine that they have obtained a successor capable of performing the functions contemplated by this Agreement in a manner consistent with the operations of the Corporation. In the event of a default by the State under this Agreement, the Corporation, the Trustee, and the Insurer may appoint a successor to the State or the Commission.

SECTION 10. TERMINATION OF AGREEMENT. This Agreement shall terminate at the time mutually agreed upon by the Trustee and the Corporation and, in any event, upon the discharge of the Indenture in accordance with the terms thereof. Upon termination of this Agreement other than upon discharge of the Indenture, the State shall transfer all Pledged Loan payments, investment earnings and other amounts then held by it hereunder to the Trustee. Upon termination of this Agreement with the discharge of the Indenture, the State only upon receipt of written direction from the Trustee shall transfer all Pledged Loan payments and other amounts then held by it hereunder to the Corporation.

SECTION 11. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 12. COUNTERPARTS. This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the same signatures thereto and hereto were upon the same instrument.

SECTION 13. SEVERABILITY. The provisions of this Agreement are severable. In case any provision of this Agreement shall for any reason be held invalid, illegal or unenforceable in any respect, this Agreement shall be construed as if such provision had never been contained herein.

SECTION 14. ALASKA LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Alaska.

SECTION 15. EFFECTIVE DATE. This Agreement shall be immediately upon the execution hereof by the parties

SECTION 16. NOTICES. All notices, requests, demands and other communications under or in respect of this Agreement shall be in writing or shall be delivered or mailed, first class, postage prepaid, or sent by facsimile, to the parties at the following addresses (or at such other address for a party as shall be specified by the party to whom addressed):

If to Corporation: Alaska Student Loan Corporation
3030 Vintage Boulevard
Juneau, Alaska 99801

Diane Barrans, Executive Officer
Phone: 907.465.2113
Fax: 907.465.3293

If to Depository: Department of Revenue, Treasury Division
P.O. Box 110405
Juneau, Alaska 99811-0405

Phone: 907.465.2350
Fax: 907.465.2394

If to Servicer/Custodian: Alaska Commission on Postsecondary Education
3030 Vintage Blvd.
Juneau, Alaska 99801-7100

Phone: 907.465.2962
Fax: 907.465.5316

If to Trustee: U.S. Bank National Association
1420 Fifth Avenue, 7th Floor
Seattle, Washington 98101

Attn: Corporate Trust Department
Phone: (206) 344.4607
Fax: (206) 344.4632

IN WITNESS WHEREOF, the parties have signed this Agreement as of March 1, 2004.

ALASKA STUDENT LOAN CORPORATION

By _____
Executive Officer

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By _____
Authorized Officer

STATE OF ALASKA

Through its DEPARTMENT OF REVENUE

By _____
Deputy Commissioner

ALASKA COMMISSION ON
POSTSECONDARY EDUCATION

By _____
Executive Director

EXHIBIT B

[FORM OF BOND]

No.

Principal Amount: \$ _____

CUSIP No.

**UNITED STATES OF AMERICA
STATE OF ALASKA
ALASKA STUDENT LOAN CORPORATION**

**Capital Project Revenue Bonds
2004 Series A**

Dated Date: March ___, 2004

Registered Owner:

Maturity Date:

Interest Rate: %

Alaska Student Loan Corporation (the "Corporation"), a public corporation and government instrumentality of the State of Alaska (the "State") created and existing under and by virtue of the laws of the State, acknowledges itself indebted, and for value received hereby promises to pay, from such sources as are described in the hereinafter defined Indenture, to the Registered Owner set forth above or its registered assigns, the Principal Amount specified above on the Maturity Date specified above, upon presentation hereof at the trust office of U.S. Bank National Association in St. Paul, Minnesota, and to pay, from such sources as are described in the hereinafter defined Indenture, interest on said principal sum to the registered owner of this Bond from the Dated Date set forth above, or from the most recent Interest Payment Date (as hereinafter defined) to which interest has been paid or duly provided for, until the Corporation's obligation with respect to the payment of said Principal Amount shall be discharged at the Interest Rate per annum specified above. Interest on this Bond shall be payable July 1, 2004, and on each January 1 and July 1 thereafter (each an "Interest Payment Date"). Interest shall be payable by mailing by first class mail on the Interest Payment Date a check for such interest payable to the person entitled thereto (such person being the registered owner of record applicable to such Interest Payment Date) at his or her address as it appears on the bond register of the Corporation as maintained by the Trustee as of the Record Date (as defined in the Indenture), except that a registered owner of \$1,000,000 or more in principal amount of the Bonds shall

be paid interest by wire transfer in immediately available funds to an account in the United States if such registered owner makes a written request to the Trustee on or prior to the Record Date specifying such account information as the Trustee may require; provided, however, that while this Bond is held in the Book-Entry System (as defined in the Indenture), principal of and interest on this Bond shall be paid as provided in the hereinafter described Indenture. Payment shall be made in any lawful money of the United States of America. The amount of interest to be paid is to be computed on the basis of a 360-day year consisting of twelve 30-day months.

This Bond is one of the Bonds of the Corporation designated "Alaska Student Loan Corporation Capital Project Revenue Bonds, 2004 Series A" (the "Bonds"), authorized to be issued under and pursuant to Sections 100 through 310 and 990 of Chapter 42 of Title 14, Alaska Statutes, as amended (the "Act"), and an Indenture by and between the Corporation and U.S. Bank National Association, as trustee (said trustee and any successor thereto under the Indenture being herein called the "Trustee"), dated as of February 1, 2004 (the "Indenture"). No bonds other than the Bonds may be issued under the Indenture. Capitalized terms used herein and not defined herein shall have the meaning assigned to such terms in the Indenture.

The Bonds are issued in fully registered form in the aggregate principal amount of \$75,140,000 in minimum denominations of \$5,000 or any integral multiple thereof.

Copies of the Indenture are on file at the office of the Corporation in the City and Borough of Juneau, Alaska, and at the trust office of the Trustee in Seattle, Washington, and reference to the Indenture and any and all supplements thereto and modifications and amendments thereof and to the Act is made for a description of the pledges and covenants securing the Bonds, the nature, extent, and manner of enforcement of such pledges, the rights and remedies of the registered owners of the Bonds with respect thereto, and the terms and conditions upon which the Bonds have been issued and may be issued thereunder. To the extent and in the manner permitted by the terms of the Indenture, the provisions of the Indenture or any indenture amendatory thereof or supplemental thereto may be modified or amended by the Corporation, as provided therein, including in certain cases, without the consent of the holders of the Bonds. The holder of this Bond shall have no right to enforce the provisions of the Indenture, to institute action to enforce the provisions of the Indenture or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Indenture. In certain events, on the conditions, in the manner and with the effect set forth in the Indenture, the principal of all the Bonds issued thereunder and then outstanding, together with accrued interest thereon, may become or may be declared due and payable before the maturity thereof.

The Bonds are subject to redemption prior to maturity at the times and prices and under the circumstances as set forth in the Indenture. Redemption shall be in such amounts and otherwise in accordance with provisions set forth in the Indenture.

Unless otherwise stated, whenever less than all the Bonds are to be redeemed, the Bonds shall be redeemed among such maturities as the Corporation may select. If less than all the Bonds of a particular maturity are to be redeemed, the particular Bonds to be redeemed shall be selected by the Trustee by lot.

In the event any or all of the Bonds are to be redeemed, notice of such redemption shall be mailed by first class mail, postage prepaid, as provided in the Indenture, not less than thirty days nor more than sixty days before the redemption date to the registered owners of any Bonds or portions of Bonds to be redeemed. Notice of redemption having been given as aforesaid, the Bonds or portions thereof so called for redemption shall become due and payable at the applicable Redemption Price herein provided, and from and after the date so fixed for redemption, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and become payable.

The Bonds do not constitute a debt, liability or other obligation of the State or of any political subdivision of the State or a pledge of the faith and credit or taxing power of the State or of any political subdivision thereof. The Bonds are special, limited obligations of the Corporation payable solely from the Trust Estate pledged to the Bonds pursuant to the Indenture..

Neither the members of the Corporation nor any person executing this Bond shall be liable personally hereon or shall be subject to any personal liability or accountability by reason of its execution.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Indenture until the Certificate of Authentication hereon shall have been signed by the Trustee or its Agent.

It Is Hereby Certified, Recited, and Declared that all acts, conditions, and things required by the constitution and statutes of the State and the Indenture to exist, to have happened, and to have been performed precedent to and in connection with the issuance of this Bond, exist, have happened, and have been performed in due time, form, and manner as required by law and that the issue of the Bonds, together with all other indebtedness of the Corporation, is within every debt and other limit prescribed by law.

IN WITNESS WHEREOF, the Alaska Student Loan Corporation has caused this Bond to be executed in its name by the manual signature of its Executive Officer and its corporate seal to be affixed hereon and attested by the manual or facsimile signature of an Authorized Officer.

ALASKA STUDENT LOAN
CORPORATION

[SEAL]

By _____
Executive Officer

ATTEST:

By _____
Authorized Officer

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the within-mentioned Indenture and is one of the Capital Project Revenue Bonds, 2004 Series A, of the Alaska Student Loan Corporation.

U.S. Bank National Association,
as Trustee

By _____
Authorized Officer

Authentication Date: _____

STATEMENT OF INSURANCE

The MBIA Insurance Corporation (the "Insurer") has issued a policy containing the following provisions, such policy being on file at U.S. Bank National Association in Seattle, Washington.

The Insurer, in consideration of the payment of the premium and subject to the terms of the policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to U.S. Bank National Association, or its successor (the "Paying Agent") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

\$75,140,000
Alaska Student Loan Corporation
Capital Project Revenue Bonds
2004 Series A

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the

Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. The policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

The policy is noncancelable for any reason. The premium on the policy is not refundable for any reason including the payment prior to maturity of the Obligations.

MBIA INSURANCE CORPORATION

EXHIBIT C

FORM OF REQUISITION FOR PAYMENT OF COSTS OF CAPITAL PROJECTS

REQUISITION OF PROCEEDS CAPITAL PROJECT REVENUE BONDS, 2004 SERIES A ALASKA STUDENT LOAN CORPORATION

The undersigned is the [TITLE] of the [NAME OF DEPARTMENT] and hereby certifies that he or she is authorized to make the requisition set forth herein.

This requisition is for \$_____, which will be used to pay [DESCRIPTION OF PROJECT COST TO BE PAID; IF NECESSARY ATTACH APPENDIX].

The undersigned certifies that:

(A) The costs described above are of a type properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles. For example, costs incurred to acquire, construct, or improve land, buildings, and equipment generally are capital expenditures. Whether an expenditure is a capital expenditure is determined at the time the expenditure is paid with respect to the property.

(B) The costs described above were incurred no earlier than January 1, 2004, or, if incurred before that date, have been approved by the Alaska Student Loan Corporation in a certificate attached hereto.

(C) None of the costs described above are for the refinancing, reissuance, or refunding of any outstanding debt except as approved by the Alaska Student Loan Corporation in a certificate attached hereto.

(D) None of the costs described above relate directly or indirectly to loans to any borrower.

(E) There is no private business use of any part of the project or projects to which the costs described above relate (including, but not limited to, any lease or rental of all or a portion of a project to a private lessee or tenant, any sale of all or a portion of the output of the project to a private buyer, any contract with a private person for maintenance or management) except as approved by the Alaska Student Loan

Corporation in a certificate attached hereto. For this purpose, use as a member of the general public is not private business use. With respect to this paragraph, the undersigned further certifies that the [DEPARTMENT] will not take any deliberate action in the future which would create or permit a private business use of the project or projects without first obtaining the written consent of the Alaska Student Loan Corporation and, if there is any change in the use of the project or projects which creates a private business use, the undersigned also certifies that he or she will immediately notify the Alaska Student Loan Corporation of such change.

(F) The undersigned has delivered to the Alaska Student Loan Corporation receipts to support this requisition or will deliver such receipts to the Alaska Student Loan Corporation within 90 days of the date hereof.

(G) The amount requisitioned will be used to reimburse the [DEPARTMENT] for costs of the project or projects that have already been paid (subject to the limitations set forth in (B) above) or will be expended to pay costs of the project or projects immediately upon the receipt thereof.

(H) The [DEPARTMENT] will cooperate with the Alaska Student Loan Corporation in providing information and assistance as necessary or convenient for the Alaska Student Loan Corporation to preserve the tax-exempt status of the bonds described above or to comply with the terms of such bonds. Such cooperation and assistance may include, but is not limited to, permitting the Alaska Student Loan Corporation or its designees to review and make copies of records and reports relating to the project or projects for which this requisition is made.

(H) The representations contained in this requisition are for the benefit of the Alaska Student Loan Corporation and the trustee for and the holders of the bonds described above.

DATED:

[NAME]

[TITLE]